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GENERAL

Court to probe identity cases

A specially convened court of appeal judges is to lay down guidelines on how identification evidence should be approached in criminal trials.

The court will sit in July to deal with a number of cases in which people have been convicted primarily on evidence of identity.

The Appeal Court's decision to hold a special hearing was announced by Lord Justice James yesterday after the vexed issue of identification evidence had been brought even more sharply into focus by the case of 27-year-old Mr. Christopher John Whitby.

Convicted in December, 1974, of involvement in a £23,000 payroll snatch, Mr. Whitby has now been cleared by new evidence from a conscience-stricken informant.

Yesterday's announcement follows *the case of Mr. Peter Hain* and the decision of Mr. Roy Jenkins three days ago to order the release of Mr. George Davis who was serving a 17-year jail sentence on a robbery charge.

Devolution: pause by Government

Rather than prepare a dummy devolution Bill for a trial run in the Commons, the Government is expected to make a statement on the issue shortly before the *Whitsun recess, followed by a* full Bill in the autumn. Back Page

Cod complaint at Nato talks

Iceland is to demand withdrawal of the Royal Navy from the disputed 200-mile fishing zone at next week's Oslo meeting of Nato Foreign Ministers, Mr. Einar Agustsson, Foreign Minister, said yesterday. Meanwhile, strenuous efforts were *being made by Iceland and* Britain to settle the conflict. Editorial Comment, Page 22

Daily Telegraph strike continues

Talks at the London headquarters of the Advisory, Conciliation and Arbitration Service, which it had been hoped would lead to a settlement of the strike by Daily Telegraph journalists, broke down last night. Back Page

ICI blast

A worker died yesterday in an explosion at ICI's chemicals complex at Ardeer—in Ayrshire, Scotland. The man was working alone in a section of the Nobel Explosives Company's factory.

Diver dies

A 24-year-old diver, who was working in 200 feet of water when he got into difficulties, has died in a decompression chamber at a gas platform at Tarbert on Loch Fyne in Argyll, Scotland.

Tremor at Stoke

An earth tremor yesterday shook Stoke-on-Trent, Staffs, *where there have been a series* of tremors in the past 12 months. Damage was reported to some houses but there were no casualties.

Briefly . . .

Princess Anne, made a cautious return to competitive riding yesterday when she appeared in the Royal Windsor Horse Show.

Rear Admiral Sir Alexander Gordon Lennox is to retire as Sergeant-at-Arms at the House *of Commons on August 1.* Page 16

Attempt to reach the summit of Mount Everest is to be made on Saturday by two members of a British-Nepalese expedition.

An Aborigine, Pastor Sir Doug Nicholls, is expected to be appointed Governor of South Australia.

Spanish Automobile Federation has rejected an appeal against the disqualification of British driver James Hunt from the Spanish Grand Prix.

BUSINESS

Equities off 4.4 at 408.5; gilts slip

● **EQUITIES retreated further, with sentiment unsettled by the ICI rights issue and doubts about the April trade figures, due to-day. A late rally was helped by the miners' executive's acceptance of the pay pact. The FT 30Share Index, down 6.5 at 2 p.m., closed at 408.5, off 4.4 on the day.**

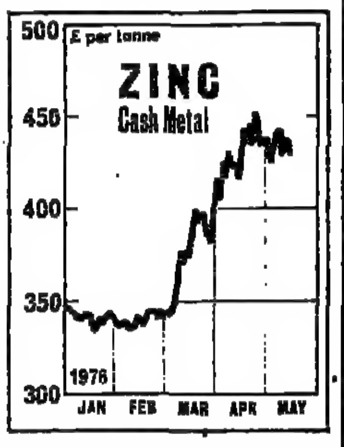
● **GILTS eased on the unsettled state of sterling, before recovering some ground. The Government Securities Index slipped 0.17 to 63.45.**

● **STERLING had a new setback after its recent improvement—*closing at $1.8275, down 1.15* cents on the day. The pound's trade-weighted depreciation widened to 37.4 (36.9) per cent., while the dollar's narrowed to 1.92 (1.96) per cent.**

● **GOLD fell $\frac{3}{4}$ to $127.875.**

● **WALL STREET was down 2.60 at 1,003.07 near the close.**

● COMMODITY prices lost ground after the Metal Exchange committee urged members not to *accept speculative orders for*



zinc. The move was seen as a possible forerunner of [illegible] London commodity markets. Cash zinc fell £7.75 to £429 a tonne. Page 37

North Sea gas pipeline plan

● **£1.6BN. PIPELINE NETWORK** to gather gas from many of the North Sea oilfields is *recommended in a report published by* the Government. The scheme will be investigated by the Energy Department and the Industry. Back Page

● OIL COMPANIES with large production and marketing interests in the U.K. could find their business undermined by Government North Sea oil policies, said Sir Frank McFadzean, retiring chairman of Shell Transport and Trading. Page 11

● STATE-OWNED British Transport Docks Board increased profits to £12.5m. last year in spite of the decline in world trade. Page 11

● NEW TRACTOR range is being launched by Massey Ferguson, *which is in the midst of a major* investment programme. Page 11. Tractors in transition, Page 4

● POTATO AND EGG prices are expected to fall in shops next week. Page 37

● WEST GERMAN printers' strike, which has hit newspaper production for two weeks, was called off by union leaders after a new pay offer. Page 6

COMPANIES

● *ROYAL INSURANCE* made an increased underwriting loss of £15.9m. (£7m.) and lower pre-tax profit of £3.8m. (£6.7m.) in the first quarter. The underwriting result was blamed mainly on storm damage in January. Page 25 and Lex

● EDWARDS BATES and Sons (Holdings), in which Arab interests have a 25 per cent. equity stake, requested the temporary suspension of its share price pending clarification of its financial position. Back page

Miners' leaders vote to support pay agreement

BY CHRISTIAN TYLER, LABOUR STAFF

Fears that Britain's miners would shatter the latest TUC-Government pay pact began to evaporate yesterday when leaders of the National Union of Mineworkers narrowly voted to back the £2.50-to-£4 policy and called on their 260,000 members to support them in a pithead ballot.

If, as widely predicted yesterday, the ballot endorses the decision of the union's national executive, the NUM will strengthen what is already expected to be a majority vote in favour of the guidelines at next month's special TUC Congress in London.

Even more important, it would scotch attempts by Left-wingers at the union's annual conference in July to commit the NUM to seek pay rises of up to £33 a week, well within the next period of wage restraint.

News of the miners' decision leaked out before the executive had finished its five-hour session at NUM headquarters in London and foreign exchange dealers reacted almost immediately, hoisting the pound by about half *a cent and elminiating part of* the morning's fall.

The narrowness of the miners' executive vote—13 to 11, with one abstention, reflected the determination of Left-wingers led by Mr. Mick McGahey, the union's Communist vice-president, and Mr. Arthur Scargill, militant leader of the Yorkshire miners, to reverse the NUM's present acceptance of wage restraint

Mr. Scargill's move for a special delegate conference was *defeated by 14 votes to 10, again* with one abstention, and the proposal for a ballot was carried by 18 votes to none, with the majority of the Left-wingers abstaining.

Three other union executives declared their position on the *pay bargain yesterday.* The biggest civil service union, the Civil and Public Services Association, decided to recommend its 220,000 members to oppose the policy at special branch meetings to be held before the special TUC Congress on June 16.

Sacrifices

National Graphical Association leaders are also to recommend their conference early next *month to oppose the policy, but* the executive of the Society of Graphical and Allied Trades wants next week's conference to support it and put a final decision to a ballot of members.

The Post Office Engineering Union is expected to-day to urge its conference early next month to endorse the policy.

Meanwhile, in South Wales, Mr. Jack Jones, general secretary of the Transport and General Workers' Union and one of the inner cabinet of the TUC that worked out the pay bargain with Ministers, called on City bankers and industrialists to make the same sacrifices for Britain that ordinary workers had already made.

At the miners' meeting in London it was Mr. Lawrence *Daly, the general secretary,* who opened the defence of the TUC bargain with the Chancellor, warning the executive that the union should not isolate itself from the rest of the labour movement.

This led to a long, lively, but even-tempered debate at which every member of the committee spoke. Mr. Scargill produced statistics to show how miners' living standards would drop if the package were accepted.

Under the policy, miners stand *to receive between £2.50 and* £3.35 a week extra next March, compared with the rises of up to £33 which last year's conference set as a target to give *faceworkers* £100 a week.

After the debate, Mr. Joe Gormley, NUM president, said there had been anxiety about prices and the need to control them more vigorously. But the decision represented the wish of the NUM not to lead the union movement "towards the demise of the Labour Government."

U.K. and Russia may sign trade deals this year

BY LORNE BARLING

CONTRACTS with a total value *approaching £950m.* are expected to be signed between British companies and the Soviet Union before the end of the year, according to Mr. Vladimir Kirillin, leader of a Soviet trade delegation which has been holding talks in London for the past two days.

During a visit to Moscow last year by Sir Harold Wilson, generous terms of credit worth £950m. were offered by the U.K., but so far only about £25m. has been taken up. This was a major *point of discussion during the* delegation's visit.

Mr. Kirillin, deputy chairman of the Soviet Council of Ministers, said that delays in taking up credits of that amount were due partly to prices not being totally acceptable.

"By the end of the year a very large amount of the credits will have been taken up," he said, adding that in the long term, the value of trade could be well in excess of £950m.

Speaking at the end of a *round of talks within the permanent* British Soviet Intergovernmental Commission, Mr. Kirillin said the chemical and petrochemical industries had been particularly slow in "taking up offers."

Mr. Edmund Dell, Secretary for Trade, outlined areas in *which negotiations were now* taking place. These included offshore exploration and oil rigs, a complete shipyard at Baku, a steel mill, and plants for the manufacture of chemicals, fertilisers, polyester and epoxy resins.

Optimistic

He said the discussions had been conducted in the most optimistic atmosphere and that Mr. Anthony Wedgwood Benn, Secretary for Energy, and Mr. Eric Varley, Secretary for Industry, had taken part. The Soviet Ministers for Aviation and Oil would be visiting the U.K. soon, he added.

Negotiations were also taking place for the supply of television and radio broadcasting and studio *equipment, and a separate agreement* on technology and scientific co-operation had been signed with Ferranti.

A joint communique said that projects being considered included industrial gas turbines and compressors for gas pumping and ferrous metallurgy development. *The textile and aviation* industries were also mentioned.

Emphasis was also given to co-operation in the nuclear energy field, high-temperature plasma physics and heat and mass transfer. It was felt that prospects for scientific exchanges were extremely favourable.

● Morgan Grenfell said yesterday it had signed, on behalf of the Bank of Scotland, an agreement with the Bank for Foreign Trade, Moscow, to finance a contract between Davy-Loewy and Stankoimport for the sale of two forging presses.

The loan of £8.9m., guaranteed by the Export Credits Guarantee Department, is being made under the trade credit agreement mentioned by Mr. Kirillin and is the fifth arranged by Morgan Gren*fell under the agreement.*

Callaghan defends profits

BY JOHN HUNT

THE NEED for an improvement in profits in order to encourage investment and create jobs was strongly defended in the Commons yesterday by the *Prime Minister.*

In words which might well have come from a Tory Prime Minister, Mr. Callaghan, firmly told his Left-wingers: "To-day's profits must be to-morrow's jobs. If there are no profits there will be no jobs."

He agreed that lack of provision for pay differentials in the proposed £2.50-£4.00 a week pay policy could lead to great difficulties and hinted he would like to see differentials restored as soon as it was feasible.

"In the matter of differentials we must make sure that energy, enterprise and responsibility are properly rewarded," he told MPs.

The tone of his remarks on the need for profits reinforces the impression at Westminster that the Government is prepared to consider important changes to the Price Code in the summer with the possibility of improvement in the investment relief scheme and profit safeguards.

Mr. Calaghan was replying to Mr. Robert Kilroy-Silk, a prominent member of the Left-wing Tribune group, who complained that high profits had not always led to increased investment and jobs. Mr. Kilroy-Silk urged that higher profits must be accom*panied by public control to direct* them towards socially desirable objectives.

Mr. Callaghan told him "Profitability at the present time in a number of industries is not sufficient to enable a proper replacement of investment at current prices to take place. Therefore, it is essential that there should be an improvement in profitability."

The latest statement of investment intentions by members of the Confederation of British Industry had shown a return of confidence in British industry and it must be the Government's policy to encourage it

Questions on pay differentials came from Mrs. Margaret Thatcher, leader of the Opposi*tion. She reminded Mr.* Callaghan that the Government had given a special incentive to ICI in allowing the company to raise its dividend above the 10 per cent. limit to facilitate its £200m. rights issue.

She suggested that he should *tell the TUC he was prepared to* consider a special incentive in pay to encourage productivity and to deal with the problem of differentials.

Mr. Callaghan replied: "There is a general recognition that any pay settlement of this year's *nature or last year's nature* will lead to difficulties. The question of differentials is going to be a difficult one to solve."

He did not see this as reason for trying to destroy the advance being made by the policy which was having a substantial impact on the economy.

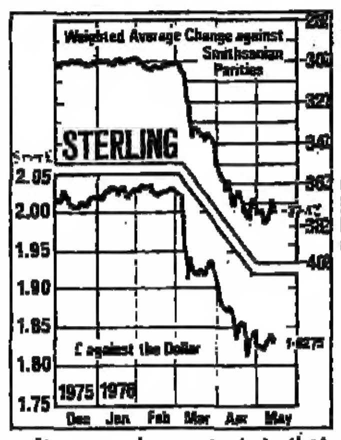
Sterling loses a cent against $

By Colin Millham

STERLING SHOWED renewed nervousness yesterday ahead of publication of the U.K. trade figures for April. It lost 1.15 cents against the dollar to close at $1.8275 and the pound's depreciation, as calculated by the Bank of England, widened by 0.5 per cent. to 37.4 per cent.

News that the executive of the National Union of Mineworkers had voted to support the Government-TUC wage agreement *boosted sentiment* in the afternoon however, and helped to reduce the fall after sterling had touched a low point of $1.8230.

The trade figures, which are to be published to-day, are not expected by the market to be as favourable as the exceptional figures produced in March, and part of the uncertainty may have been caused by varying opinions over the size of last month's trade deficit.



It was also reported that selling orders from Switzerland pushed the pound down in a rather thin market. This may represent further switching out of sterling and into Swiss francs and German marks by a Middle East oil exporting country. The level of selling, however, did not *appear to have required* any action by the Bank of England

Over the previous few days the pound had steadily improved on increased optimism about the economic situation and was also helped at the beginning of the week by the Transport and General Workers Union decision to back the new wages deal.

Followin gthe useful gains this week against the Swiss Franc and German Mark it may have been felt by some *overseas holders of sterling* that the day before th eannouncement of the trade figures was a good time to increase their holdings in the firmer European currencies. Even after yesterday's fall, however, the pound is still above it sclosing level at the end of last week.

Equity bank will not fund lame ducks

BY MARGARET REID

EQUITY CAPITAL for Industry, the long-awaited equity bank, will invest only in sound enterprises promising a commercial return, the chairman, industrialist Lord Plowden, said when plans for the venture were unveiled yesterday.

About 1,800 institutions, including insurance groups, pension funds and investment and unit trusts, will be invited to put up a proportion of the new body's share capital of up to £50m.

The venture—which has stirred up some controversy in the City because of doubts about the need for another financing vehicle—will go ahead if as much as £30m. is subscribed by the closing date, June 21. Lord Plowden said he could not foresee a failure to achieve at least this figure.

The new institution is being formed to channel capital to companies unable to raise it by existing methods. It is to have a high-level Board composed of 12 prominent industrial and City personalities, but has not yet appointed its chief executive.

Lord Plowden, who is about to retire as chairman of Tube Investments, said Equity Capital would "only consider investing *in enterprises which have sound* prospects and will yield, in the medium and longer term, a commercial return on the capital invested."

Time would be needed before many of the assets and projects for which capital provided by the new body yielded a commercial return, and a full yield on the investment might therefore be deferred, but money would not be committed to projects and companies where there was no prospect of viability.

The prospectus has been drawn up following recommendations by a working party headed by Mr. Ernest Bigland, chairman of the British Insurance Association. It provides for £17m. of the share capital to be offered to insurance concerns and £17m. to pension funds, with smaller amounts to investment and unit trusts and to the bank-backed Finance for Industry.

The proportion earmarked for pension funds will be available through the medium of a unit trust, formed to cater for the funds' tax position.

The report of the working party, and the prospectus, show that the project has been considerably watered down from the concept of a body with a much larger capital — perhaps of up to £500m. — considered earlier, *particularly in the stringent* financial conditions of last year.

The "support" role of Equity Capital in bolstering up the management of certain companies has also been closely limited.

All this recognises the reservations felt by a number of institutions, notably Scottish insurance concerns, about the need for a new financing body and about its "interventionist" role.

Of the intended "support" function, Lord Plowden said: "It may be that institutions, either individually or collectively, will consult ECI about the position of a company in which they have invested money. ECI will be ready to provide advice and assistance where appropriate."

He denied that the institution would have "any extreme activist role" or compete with existing institutions. It would not supersede the City's Institutional Shareholders' Committee.

The National Association of Pension Funds is to hold a meeting on May 26 when Lord Plowden and other Equity Capital directors will be available to answer members' questions. Mr. Max Lander, chairman of the association, said yesterday that he thought a majority of pension funds would back the scheme.

Indications are that many insurance companies are also likely to give support by subscribing for shares, but that a number of important Scottish insurance concerns will decline to participate. Some split of opinion *is also apparent among other institutions.*

Details, Page 15
Editorial Comment, Page 22

Labour moderates elected

TWO MODERATE Labour MPs were yesterday elected to the Parliamentary party's liaison committee, which handles relations between the Government *and Labour backbenchers.*

Mr. Sydney Irving, a vice-chairman of the Manifesto Group, topped the poll. MP for Dartford and deputy Speaker of the Commons from 1968 to 1970, he is a former Government deputy chief whip. Also chosen was Mr. Jack Ashley, MP for Stoke South.

The two vacancies on the committee were caused by the appointment of Dr. Dickson Mabon and Mr. James Wellbeloved as junior ministers.

Mr. Ashley narrowly defeated *Mr. Norman Atkinson, a Left-winger,* for second place in the poll. Another Tribune Group candidate, Mr. Frank Allaun, a member of the party's national executive, took fourth place.

Results: Sydney Irving 82 votes, Jack Ashley 65, Norman Atkinson 62, Frank Allaun 57, Bryan Gould 35, Frank Hooley 24.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

BH Prop.	805	+ 15
Elbar Ind.	110	+ 10
Jeavons (E. E.)	62	+ 4
Jennings (A. V.)	172	+ 9
Shell Transport	438	+ 4
CRA	345	+ 15
Killinghall Tin	220	+ 10
Messina	300	+ 10
Metals Expln.	67	+ 6

FALLS

Treasury 5½pc '80-82	£93¼	− ½
AD Intnl.	94	− 4
Abbey Panels	32	− 4
Atlantic Assets	49	− 4½
Barclays Bank	290	− 10
Bates (E.)	207	− 6
Bejam	79	− 5
Bowater	220	− 6
"Bats"	385	− 5
EMI	250	− 4
Fox's Biscuits	140	− 6
GEC	159	− 4
Grimshawe	26	− 4
GKN	323	− 5
Hambros	204	− 6
Hawker Siddeley	474	− 8
Heath (C. E.)	402	− [illegible]
ICI	387	− 6
Lloyds and Scottish	77	− 3
Matthews Wrightson	213	− 7
Philips' Lamp	865	− 20
Pilkington	338	− 8
Prop. Hldgs. and Inv.	213	− 7
Royal Insurance	306	− 6
Taylor Woodrow	278	− 6
Tube Invs.	370	− 6
Wood Hall Tst.	73	− 5
BP	660	− 8
Anglo American	324	− 8
Charter Cons.	156	− 6
De Beers Dfd.	249	− 5
Selection Tst. "New"	52*	− 6

* Premium ‡ Suspended.

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LOMBARD

Compromising fund credibility

BY C. GORDON TETHER

IT NOW having been formally recognised that the free-for-all in the currency markets has come to stay, the International Monetary Fund has been permanently shsorn of a great deal of the power and authority conferred upon it by the late lamented Bretton Woods system. But it will still have a number of important tasks to perform for the international community and—if it is to do them well—it will obviously need to continue to enjoy the respect and confidence of its members.

Which is why the way in which its managing director, Dr. Witteveen, presented its plans for the forthcoming auctioning-off of parts of its gold stock is so worrying. For this suggested, at best, that it is now apt to go into an intellectual flat-spin every time it finds itself having to make contact with the gold issue and, at worst, that it has allowed itself to become the willing tool of member-countries that see themselves as having a considerable vested interest in getting gold out of the monetary picture.

Tendentious

Look, to begin with, at the contradictory character of the references that were made to the Fund would be adopting to the question of the prices it would accept for the gold offered at the auctions. Thus at one point we find Mr. Witteveen declaring that the Fund was determined not to set any kind of minimum price, at another that it reserved the right to cancel an auction if the *price bid was not considered high enough* and at a third that it intended "to follow the market price."

Each of these lines of approach would make sense by itself. But they cannot all be pursued at *the same time*.

Next, consider the tendentious way in which the question of central bank behaviour in relation to the auctions is being dealt with. Dr. Witteveen pointed out that the IMF intended *to go out of its way to* make sure that central banks could not buy auctioned gold. But he then went on to say that, while it wouldn't like to see central banks end up buying the metal—for example, by employing the *Bank for International* Settlements, which will be in a position to tender, as their agent—there was nothing it could do to prevent this.

But why, it may well be asked, should the Fund be adopting an *attitude to this aspect of the* gold sale plan that is both patently illogical and highly partisan? It is illogical because, as soon as the revision of its rules necessitated by the decision formally to end gold-currency convertibility has been ratified, central banks will be fully entitled to buy Fund gold—or any other gold for that matter—in the free market.

Since it is, thus, only procedural delays that are preventing them participating directly in the first initial auctions, the Fund has no justification for discouraging them from doing so indirectly.

This apart, what would be so wrong about the central banks ending up buying the auctioned gold—if, for example, this was the only way in which the injection of the Fund gold into the world market could be prevented from causing the world price of the metal to go into a downward spin. And, in saying this, I am not suggesting that such a development *would be inevitable in* the absence of such support because this is not my opinion. I present the hypothesis only to ring round the slanted character of the Fund's presentation.

For is it not the case that, *the higher the price that can be* obtained at the auctions, the more money there will be for the special fund for aiding the poorest of the poor—which is, after all, what the entire operation is supposed to be in aid of.

Caught up

There is a further point—and it is an extremely important one—that the effect of the liberalisation of official gold traffic will be materially to augment the importance of the metal's role in the international liquidity system. Which means that it is very much against the interests of the world community as a whole to want to leave it more exposed than it need be to sharp fluctuations in its price. And in this connection it must be remembered that revaluation of world gold stocks to market prices will result in the gold element in the international liquidity stock rising to almost 50 per cent.

In short, by allowing itself to get caught up in the propaganda of the gold demonetisers, the Fund is failing to do its duty *by its membership as a whole.* And the fact has to be faced that this is now beginning to show through to such an extent that its credibility as the guardian of international monetary fairplay must soon be hopelessly compro*mised if it continues to behave in* this fashion.

RACING BY DOMINIC WIGAN

Major Green for Aston Park

MAJOR GREEN, who has run well in each of his three races this season, is the form horse in to-day's Aston Park Stakes at Newbury, and I do not intend looking beyond him for the winner.

This handsome Double-U-Jay colt, a creditable second to the rank outsider, Salado, in the John Porter Stakes here last spring, opened his account at the first time of asking this term when trouncing some moderate opponents in a minor event at Leicester six weeks ago.

Since then, he has maintained his form in better company, finishing a close fourth behind Quiet Fling in the John Porter, and running Marco Ricci to a neck in Ascot's two-mile Paradise Stakes.

Major Green should have little difficulty in confirming his paradist Stakes superiority over the third and fourth, *May Hill* and *Zab*, on to-day's terms, and with the Epsom challenger, *Rostie*, likely to be in need of this run, the way seems clear for John Winter's five-year-old.

An hour after the Aston Park, Major Green's partner, Brian Taylor, could gain a second winner through the possibly underrated Katie May in the Sandleford Priory Stakes. However, here it seems folly to look beyond Jeremy Tree's extremely promising filly *Sarania*.

An easy winner of both her juvenile races, Ascot's Blue Seal Stakes and the Malton Stakes at York, Sarania has come through the close season giving every indication that he has trained on. With the give in the ground in her favour Sarania, second favourite for the Oaks, cannot be opposed.

At Thirsk it is a Racegoers' Club Concession Day programme. The two best propositions of the day appear to be *Wigeon* and *Hemsworth*. Both are ridden by Edward Hide, who employed such entertaining tactics when getting *Trust's Girl home in Wednesday's* Mecca-Dante Stakes at York.

Hemsworth, a chestnut son of Native Prince from Mick Easterby's Sheriff Hutton establishment, was running on particularly strongly after a *laboured start* when taking fifth place behind Laser Lady in the Humber Bridge Stakes at Beverley five weeks ago. He appeals as a safe bet for the closing event, Div. II of the Carlton Minniott Maiden Stakes

NEWBURY
2.00—Brother Somers
2.30—Major Green*
3.00—Epsom Imp
3.30—Sarania*
4.00—Greenstead Lad
4.30—Hora Royale

THIRSK
3.15—Our Swallow
3.45—Double Secret
4.15—Sindah
4.45—Upavon
5.15—Wigeon
5.45—Hemsworth***

SALEROOM BY MICHAEL THOMPSON-NOEL

Chinese items make £306,410

THE MARKET in Chinese ceramics is not always the most stable, but it has behaved sensibly in recent months. Yesterday, at the Mandarin Hotel, Hong Kong, the second session of Sotheby's sale of ceramics, jades and bronze drums drew in £306,410 for a two-day total of £701,790.

YU CHIH BOWL: Fetched £27,000 in Hong Kong.

The buyer's premium in Hong Kong—10 per cent.—*is the same* as at *Sotheby's New Bond Street* in London.

Unsold lots yesterday accounted for 16.4 per cent. of the knock-down total compared with 10 per cent. on Wed*nesday. Curiously, objects up* to £1,000 were the ones that were sticking.

"Over £1,000 the market was very strong, with Hong Kong buying interest as usual the most active," said Sotheby's.

An anonymous London buyer paid £27,000 for an imperial, pink, ground Yu Chih bowl of the K'ang Hsi period formerly in the collection of Sir Percival David.

A large Shan bronze drum, 29 ins. high, the top set with five frogs, went to a European buyer for £12,500.

C. C. Lai, a Hong Kong dealer, paid £7,600 for a turquoise-ground "famille rose" vase with the seal mark of Ch'ien Lung in iron-red. A private New York source gave £7,200 for a "famille-verte" rouleau vase.

A rare lavender-glazed barrel-shaped jar of the Yung Cheng period went to a Hong Kong *collector for £5,900.*

The best lots in the sale consistently out-performed their pre-sale estimates, sometimes by 300 per cent.

In London, Sotheby's *sale of* English and *foreign* silver and *plate earned £28,274. Koopman,* a London dealer, paid £950 for a Dutch beaker of 1616—well above the pre-sale estimate of £400-£500—and a Dutch dealer £800 for a George III baluster coffee pot.

On Wednesday, at Sotheby Parke Bernet, a sale of European ceramics brought in $133,000.

Christie's sale of pewter and metalwork, English and Continental oak, totalled £35,619 *with a high percentage sold.* Brass called most of the tunes: two pairs of 18th century Continental brass chandeliers were sold privately for £1,500 and £1,700, while a single chandelier fetched £1,400.

The top price in the furniture was £1,600, paid by Phillips and Harris for a 17th century northern Flemish oak, ebony and rosewood armoire.

At Sotheby's Chancery Lane, a sale of 19th-century and modern first editions and science fiction brought in £11,374. Top price of £1,000 was paid by J. S. Graphics of Chicago for an inscribed first edition of T. E. Lawrence's *Seven Pillars of Wisdom.*

This volume was sent for sale by Lord Astor of Hever in aid of the Canterbury Cathedral appeal fund.

Bonham's picture sale drew £21,370, including £850 for a still life by J. H. Morell. Its furniture *sale earned £14,225*, including £540 for a set of six George III mahogany dining chairs.

Christie's sale in Montreal of Canadian pictures and prints and carvings by Canadian eskimos totalled £117,591. A painting by Franklin Carmichael of Cranberry Lake sold for £5,555.

TV/Radio

†Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (UHF only). 10.00 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.15 p.m. Pobol y Cwm. 12.45 News. 1.00 Pebble Mill. 1.45 In the Town. 2.02 For Schools, Colleges. 3.00 Tennis: Coca-Cola Bournemouth Championships of Great Britain. 3.58 Regional News (except London). 4.00 Play School. 4.25 Dastardly and Muttley in their flying machines. 4.30 Jackanory. 4.45 Right Charlie. 5.15 Newsround Update. 5.40 Paddington.

5.45 News.
6.00 Nationwide.
6.40 Sportswide.
6.55 The Wonderful World of Disney.
7.40 Max Bygraves says "I Wanna Tell You a Story."
9.00 News.
9.25 Starsky and Hutch.
10.15 To-night.
10.45 International Match of the Day.
11.25 Weather/Regional News.
11.37 Come Dancing.

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. O Dan y Mor. 6.00-6.55 Wales To-day. 6.55-7.10 Heddiw. 7.10-7.40 Eira Ddoe. 10.15-10.45 Kane on Friday. 11.35-11.37 News for Wales.

Scotland—6.00-6.30 p.m. Reporting Scotland: 6.20-6.30 Scottish Conservative Party Conference (report). 6.30 Rejoins BBC 1 Nationwide. 6.55-7.20 The Food Programme. 7.20-8.30 Max Bygraves. 8.30-9.00 Current Account.—11.35-11.37 News for Scotland.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.55 Scene Around Six. 11.35-11.37 News for Northern Ireland.

England—6.00-6.55 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight *South-West (from Plymouth).*

BBC 2

6.40 a.m. Open University.
11.00 Play School.
4.00 p.m. Tennis: Coca-Cola Bournemouth Championships of Great Britain.
5.00 Open University.
7.05 Mr. Smith's Vegetable Garden.
7.30 Newsday.
7.50 Top Crown.
8.15 The Money Programme.
9.00 It's Patently Obvious.
9.30 Jazz Ship.
10.15 Playhouse.
11.05 Tennis highlights.
11.35 Newsnight.
11.50 Closedown: Georgine Anderson reads "Flower and Jar" by Robin Skelton.

LONDON

9.30 a.m. Schools Programmes. 12.00 A Handful of Songs. 12.10 p.m. Rainbow. 12.30 Those Wonderful TV Times. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Couples. 2.00 Good Afternoon Money-Go-Round. 2.30 The Royal Windsor Horse Show. 3.55 General Hospital. 4.20 Soldier and Me. 4.50 You Must Be Joking!. 5.20 University Challenge.

5.50 News from ITN.
6.00 To-day—the London Report.
6.35 Crossroads.
7.00 Sale of the Century.
7.30 The Fosters.
8.00 Police Woman.
9.00 Hadleigh.
10.00 News.
10.30 Police Five.
10.40 The Wheeltappers and Shunters' Social Club.
11.30 Shannon's Mob.
12.30 a.m. Yellow Pages.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 6.00 About Anglia. 8.00 The Magician. 10.30 Probe. 11.00 Shaft. 12.20 a.m. Christians in Action.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.20 Hogan's Heroes. 6.00 ATV Today. 7.00 Winner *Takes All.* 7.30 Streets of San Francisco. 8.30 The Fosters. †10.30 Monster Movie: "King Kong."

BORDER

1.20 p.m. Border News. 6.00 Border News and Lookaround. 7.00 Winner Takes All. 7.30 Hawaii Five-O. 8.30 The Fosters. 10.30 Border Parliamentary Report. †11.00 Late Night Film: "Kiss of Evil." *12.35 a.m. Border News Summary.*

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 6.00 Report at Six. 7.00 Winner Takes All. 7.30 Hawaii Five-O. 8.30 The Fosters. 10.30 Here Comes The Future. 10.50 Late Night Film: "The Luck of the Irish." 12.30 a.m. News and *Weather in French.*

GRAMPIAN

1.20 p.m. Grampian News Headlines. 6.00 Grampian Today. 7.00 Winner Takes All. 8.00 Hawaii Five-O. 10.30 Points North. 11.30 Shaft (followed by Road Report). 12.40 a.m. Evening Prayers.

GRANADA

1.20 p.m. This Is Your Right. †5.15 Chuckleheads. *5.20 Crossroads.* 6.00 Granada Reports. 6.35 The Protectors. 7.05 Winner Takes All. 8.05 The Magician. †10.30 The Oscar Winners: "Rebecca" starring Laurence Olivier and Joan Fontaine.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 5.20 Dan's Sabe. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Meet Peters and Lee. 7.00 Mr. and Mrs. 7.30 The Streets of San Francisco. 8.30 The Fosters. 10.33 Orson Welles Great Mysteries. 11.00 Coal Miller.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20-4.50 Stesion Cymraeg. 6.01-6.15 Y Dydd. 10.30 Outlook on Industry. 11.30 Yr—Honestly.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. Road and Weather Report. 2.00 Housecall. 5.20 Pipet and his Friends. 5.25 Crossroads. 6.00 Scotland Today. 6.30 A Little Bit of Wisdom. 7.00 Winner Takes All. 7.30 Combat. 8.30 The Fosters. 10.30 Ways and Means. 11.00 Late Call. 11.05 Late Night Thriller: "Woman in Chains."

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 5.20 No Barking. 5.25 Crossroads. 6.00 Day by Day (Channels 11, 27, 42, 55 and 60). 6.00 Scene South East (Channels 10, 43, 64 and 66 only). 6.40 Winner Takes All. 7.10 The Fosters. 7.40 Mystery Movie: Banacek. 10.30 A Southern Report. 11.00 "The Secret Night Caller" (TV movie). 12.20 a.m. Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 12.30 p.m. Out of Town. 1.20 Lunchtime News and Lookaround. 5.20 Winner Takes All. 6.00 Today at Six. 7.00 Those Wonderful TV Times. 7.30 The Six Million Dollar Man. 8.30 The Fosters. 10.30 Sportstime. 11.05 *The Friday Night Film: "The Split."* 12.45 a.m. Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.18 Ulster News Headlines. 6.00 UTV Reports. 6.25 Police Six. 7.00 Winner Takes All. 8.00 Here's Lucy. 8.30 Sportscast. 10.30 Friday Film: "The Stars Are Singing."

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary and Sports Desk. 7.00 Winner Takes All. 7.30 Hawaii Five-O. 8.30 The Fosters. 10.32 Westward Late News. 10.35 Late With Danton. †10.50 Late Night Film: "The Luck of the Irish," starring Tyrone Power and Anne Baxter. 12.30 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.20 The Beachcombers. 6.00 Calendar. 7.00 Winner Takes All. 7.30 The Six Million Dollar Man. 8.30 The Fosters. †10.30 The Oscar Winners: "Rebecca," starring Laurence Olivier and Joan Fontaine.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker, including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 Rosko's Round Table. 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S), including 6.15 Pause for Thought. 7.02 Terry Wogan (S), including 8.27 Racing Bulletin, 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S), including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1 but including on 1,500m only (also 202m Scotland) 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Funny You Should Ask. 7.30 Sports Desk. 7.33 Play It Again (S). 8.02 Ronnie Aldrich conducts the BBC Radio Orchestra (S). 9.02 Friday Night is Music Night (S). 10.02 Sports Desk. 10.06 Time For Old Time at the Radio 2 Ballroom (S). 11.02 Len Jackson with The Late Show (1,500m only also 202m Scotland). VHF Joins Radio 1. 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

† Medium Wave only

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Des Prés (S). 9.45 BBC Northern Ireland Orchestra (S). 10.30 Ravel piano recital, part 1 (S). 11.00 Interval Reading. 11.05 Ravel, part 2. 11.40 The Flute (S). 12.10 p.m. Midday Concert, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Concert, part 2 (S). 2.05 Victoria and Albert Concert, part 1 (S). 2.35 Conservation of Musical Instruments (talk). 2.45 Concert, part 2. 3.25 Four Great Song Composers (S). 3.55 The Music of Franz Reizenstein, part 1. 4.22 Talk by David Wilde. 4.28 Concert, part 2. 5.25 Fred Piper (S). 15.45 Homeward Bound. 16.05 News. 16.10 Homeward Bound (continued). 16.30 Lifelines: Leisure and Recreation. 7.00 Tribute to Rudolf Kempe. 8.50 Music Now. 9.30 Concert Club, part 1 (S). 10.15 Bunyan's Progress. 10.35 Concert Club, part 2 (S). 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including 7.25 *VHF Regional News.* 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Voice of the People. †10.00 News. †10.05 Checkpoint. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 Scandal. †11.30 Just the Job. 12.00 News. 12.02 p.m. You and Yours. 12.27 Twenty *Questions.* †12.55 *Weather, programme news.* VHF (except London and S.E.) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (from 2.00) from Bristol including 2.00-2.02 News. †2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Any Answers? 4.35 Story Time. 5.00 PM Reports. 15.50 Financial Report. VHF Regional News. 5.55 Weather: programme news. 6.00 News. 6.15 Brain of Britain 1976. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Pick of the Week. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.25 West Endings. 11.43 News.

For Schools (VHF only): 10.00 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Richard Vaughan with Rush Hour. 9.00 Susie Barnes with London Live. 11.03 In Town. 12.03 p.m. David Simmons' Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 3.45 The London Gardener. 4.03 Lobby. 4.32 Tony Fish with Home Run including 5.00 and 6.00 London News Desk. 6.10 Carry On Councillor. 6.30 Sportsfield. 7.00 In Town. 8.00 Good Fishing. 8.30 Platform. 10.03 *Single File.* 12.00-12.05 a.m. As Radio 2.

London Broadcasting

261m and 97.3 VHF

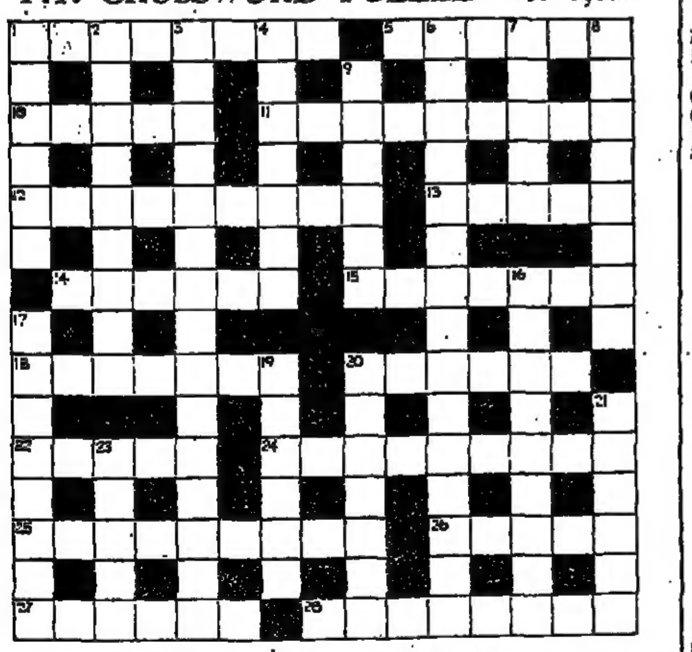
5.00 a.m. Morning Music. 6.00 "A.M.": breakfast-time show. 10.00 Brian Hayes. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Arena. 9.00 David Bassett. 1.00-5.30 a.m. Nightwatch, news every half-hour.

Capital Radio

194m and 95.8 VHF

6.00 a.m. The Breakfast Show. 9.00 Michael Aspel. 12.00 Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 London Today. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It. 11.00 The Late Show. 2.00 a.m. Night Flight.

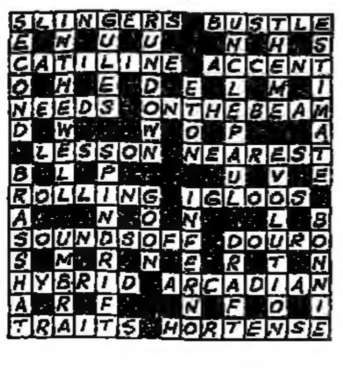
F.T. CROSSWORD PUZZLE No. 3,079



ACROSS
1 Adventure involving escape without notice (8)
5 A Frenchman employed to be entertained (6)
10 Sign of omission putting Oriental in the cart (5)
11 The way hands go in front of the face (9)
12 Imprinted edition and put to flight (9)
13 Requested a different desk (5)
14 Count could be more stupified (6)
15 Give up a right to rent again (7)
18 Extend beyond the edge, being more than one circuit (7)
20 Follow and watch in darkness (6)
22 Rigid body (5)
24 Angry about having knowledge and being sideways (9)
25 Innovate and make acquainted (9)
26 Make proud in revel at Easter (5)
27 Turn and put your leader in a cage (6)
28 Plugs formal hat in ship (8)

DOWN
1 Make an apology for an alibi (6)
2 Bending copper right before tax on river (9)
3 Bluster and erect a steep *auditorium* (3, 2, 1, 4, 5)
4 Resolve right—it's the goal that counts (7)
6 Clear the decks and create a fresh lottery (4, 1, 5, 5)
7 Rod which is to stay in pontoon (5)
8 Dark coloured, through-and-through (4-4)
9 Explosive one may have to face? (6)
16 Detest change in tame boa (9)
17 Cruising near the sea-shore (8)
19 Break down and stop (4, 2)
20 Earliest, therefore going to love nest (7)
21 Alcove for retirement (6)
23 Put underground in winter (5)

SOLUTION TO PUZZLE No. 3,078



ENTERTAINMENT GUIDE

OPERA AND BALLET

COLISEUM. (01-836 3161). Last perfs. LONDON FESTIVAL BALLET. Evgs. 7.30 Mat Sats 3. Tonight and Tomor. DON QUIXOTE. Tetsua with Rudolf Bath.

COLISEUM. 836 3161. May 17-29. THE STUTTGART BALLET. Evgs 7.30 Mats. Sats. 2.30. Mon. Tue. & Wed. Romeo & Juliet. Thur. Fri & Sat. Voluntaries. Poème de l'Extase. Initials RBME.

COLISEUM. June 1 to July 17. NUREYEV FESTIVAL. Rudolf Nureyev will appear with three companies and will dance at every perf. June 1 to 19: London Festival Ballet. June 22 to July 3: Nureyev and Friends. July 5 to 17: The Scottish Ballet. BOOKING NOW OPEN. 836 3161.

COVENT GARDEN. 240 1066. THE ROYAL OPERA. Tonight 7 LE NOZZE DI FIGARO; Tomor. and Tue. 7.30 A Midsummer Night's Dream. Mon. and Thur. 7.30 Rigoletto. Seats avail. 65 Amphi seats for all perfs. on sale from 10 a.m. on day.

PALLADIUM. 01-437 7373. Gala Opening July 8 to July 28. Evgs. 7.30. Mat. Wed., Sat. 2.45. AUSTRALIAN BALLET'S full-length version of Franz Lehar's Operetta THE MERRY WIDOW. "A superb new contribution to the ... ballet repertoire." Sunday People.

THEATRES

ADELPHI THEATRE. 01-836 7611. Opening Tuesday, June 15. IRENE. THE MUSICAL MUSICAL. REDUCED PRICE PREVIEWS June 4, 5, 7, 8, 9, 10, 11 and 14 at 7.30. Saturday June 12 at 5.30 and 8.30.

ALBERY. 836 3878. Evenings at 8.00. Mats. Thurs. 3. Sats. 5 and 8.15 sharp. National Theatre Production. COLIN BLAKELY in EQUUS by PETER SHAFFER. Directed by JOHN DEXTER. "STUNNING and COMPELLING." Std.

ALDWYCH. 836 6404. Inf. 836 5332. Royal Shakespeare Company. Evenings 7.30. Mat. Sat. 2.0. BRITISH PREMIERE OF Maxim Gorky's THE ZYKOVS. "... a masterful production ... which no intelligent man can afford to miss." SUNDAY TIMES. Next week joined in repertoire by THE ICEMAN COMETH (red. price prevs. from May 20 at 6.30—no perfs. May 17, 18, 19). Box Office 10-8.

AMBASSADORS. 836 1171. Evgs. 8.00. Mats. Tuesday 2.30. Sat. 5.30, 8.30. HAPPY AS A SANDBAG. THE WONDERFUL HIT MUSICAL. "Delightful. Don't miss it." Daily Exp.

APOLLO. 437 2663. Evenings 8.30. Sat. 5.30 and 8.30. BARRY HUMPHRIES in HOUSEWIFE—SUPERSTAR!! LAST WEEK—transfers to Globe May 19.

APOLLO. 437 2663. Opens May 19 at 7.0. Subs. 8.0. Sat. 5.30 and 8.30. PAULINE COLLINS, JOHN ALDERTON. CONFUSIONS. An entertainment by ALAN AYCKBOURN.

GARRICK THEATRE. 01-836 4601. Evening 8.0. Fri., Sat. 5.30 and 8.30. RICHARD BECKINSALE in "side-splittingly funny." Daily Mail. FUNNY PECULIAR. "Mike Stott ... exceptionally fine, vastly entertaining, brilliant comedy." S. Times. "More good laughs than any other play in London." Observer.

GLOBE THEATRE. 01-437 1592. Tonight, Tomor. 8.0. Sat. 5.00 and 8.15. TONY BRITTON, PETER BLYTHE, JILL MELFORD in THE CHAIRMAN. A Comedy by PHILIP MACKIE. LAST WEEK—Must end Saturday. BARRY HUMPHRIES transfers here from Apollo May 19.

GREENWICH THEATRE. 01-858 7755. Evenings 8.00. Matinees Sat. 3.30. SUSAN HAMPSHIRE, MARTIN SHAW in MISS JULIE.

GREENWOOD LONDON BRIDGE. Festival du Théâtre Français. Until May 22. Evenings 8.00. Mat. Sat. 4.30. "LES DIALOGUES" by ROLAND DUBILLARD. Simultaneous translation. 403 0592.

HAYMARKET. 930 9832. Evenings 8.00. Matinee Wed. 2.30. Sat. 5.00 and 8.15. Edward Woodward, Geraldine McEwan, Jennie Linden, Edward Hardwicke in Frederick Lonsdale's ON APPROVAL. "You should rush to see it." Daily Tel. "It got my approval." Evg. News. "An evening of comic delight." Harold Hobson, Sunday Times.

HER MAJESTY'S. 930 6606. Evgs. 8.00. Mat. Wed. 2.30. Sat. 5.45 and 8.30. The new big African Musical IPI TOMBI. "PULSATING MUSICAL." Evening News. "The huge cast is superb." Sun. Times.

KING'S ROAD THEATRE. 352 7488. Mon. to Th. 9.00. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW. BEST MUSICAL OF THE YEAR. "Impossible to over-praise." Punch.

LYRIC. 01-437 3686. Evenings 8.0. Mat. Wed. 3.0. Sat. 5.0 and 8.30. JOAN PLOWRIGHT, JOHN MOFFATT, FRANK GRIMES in THE BED BEFORE YESTERDAY. "THE FUNNIEST SEX COMEDY IN LONDON." S. Telegraph.

LYTTELTON (New National Theatre). 928 2252. Tonight and Mon. 7.45. Tomor. at 2.30 and 7.45. Last Perfs. NO MAN'S LAND by Harold Pinter. Tues. 7.45 John Gabriel Borkman. OVER 100 EXCELLENT £1 SEATS ON SALE DAY OF PERFORMANCE.

MAYFAIR. 629 3036. LAST WEEK—Must end Saturday. Tnt. 8.15. Fri., Sat. 5.45 and 8.30. James BOLAM, Jane ASHER, Stephen MOORE in Christopher HAMPTON'S TREATS. "SENSATIONAL." Sunday Times.

MERMAID. 248 7656. Food 248 2835. Evenings 8.15. Matinee Sat. 5.0. Millicent Martin, Julia McKenzie, David Kernan, Ned Sherrin in SIDE BY SIDE BY SONDHEIM. A Musical Entertainment.

REGENT. 323 2707. Evenings 8.30. Friday and Saturday 7.00 and 9.15. 2nd YEAR OF SENSATIONAL STAGE SHOW OF THE '70s. LET MY PEOPLE COME. AN ADULT MUSICAL. "Never a dull moment." Evening News.

ROUND HOUSE. 267 2564. Mon.-Thu. at 8. Fri. at 6 and 9. Sat. 5 and 8.30. ALL SEATS £1.50. "NOBODY SHOULD MISS." LA GRAND EUGENE. SHE'S NO LADY! "Exquisitely erotic." Obs.

ROYAL COURT. Sloane Sq. 730 1745. Tonight at 8. Tomor. 5 and 8.30. ENDGAME. Directed by Donald McWhinnie. "FANTASTICALLY SUCCESSFUL." BECKETT SEASON.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. Evs. 8.15. JOINT STOCK. YESTERDAY'S NEWS.

SADLER'S WELLS TH. Rosebery Ave. 837 1672. Until 22 May. Evgs. 7. Mats. Thurs. and Sats. 2.30. BRASIL TROPICAL.

SAVOY. 836 8888. Evenings 8. Matinee Weds. at 2.30 and Sat. AVRIL ANGERS and DEREK BOND in AGATHA CHRISTIE'S MURDER AT THE VICARAGE.

ST. MARTIN'S. 836 1443. Evenings 8. Mats. Tues. at 2.45. Sats. 5.0 and 8.0. AGATHA CHRISTIE'S THE MOUSETRAP. World's longest-ever run—24th year.

SHAKESPEARE AT ST. GEORGE'S. TWELFTH NIGHT.

SHAW. Evenings 7.30. Mat. Wed. THE CARETAKER by HAROLD PINTER.

STRAND. 836 2660. Evenings 8. Mats. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE, WE'RE BRITISH. 5th HYSTERICAL YEAR.

TALK OF THE TOWN. 01-734 5051. From 8.15 Dining and Dancing. New Revue SWEET TEMPTATION and at 11 p.m. SALENA JONES.

VAUDEVILLE. 836 9988. Evgs. at 8. Mats. Tue. 2.45. Sats. 5.00 and 8.00. Margaret LOCKWOOD, Paul DANEMAN and Barrie INGHAM in DOUBLE EDGE. "SUPERB. The cleverest whodunnit I have seen for years." Daily Tel.

VICTORIA PALACE.

[illegible]

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. [illegible]

CINEMAS ARE CONTINUED ON PAGE 37

هكذا من الأهل

Sin and Zen

by NIGEL ANDREWS

Sin of Father Mouret (X) Berkeley
ouch of Zen (AA) Screen Islington Green
ywood Cowboy (A) Plaza
er (A) Curzon
duct Unbecoming (A) Odeon Haymarket

Francis Huster and Gillian Hills in 'The Sin of Father Mouret'

'hank God I am still an ist," said Luis Bunuel on oft-quoted occasion: and are several European ctors I can think of from se lips that epigram could fallen with equal convic- One is the Frenchman ges Franju. Franju's films ey include *Judex*, *Les Yeux Visage* and *Therese Desmoux*—delight in the same ure of poker-faced religious e and comical-macabre fan- as Bunuel's. And although *Sin of Father Mouret* is now six years old, it comes to Berkeley cinema this week ing as witty, sardonic and ern as any other films to be in London.

nti-clericalism is a favourite t in countries where Catho- m is more rampant than it England. The live-and-let- placidity of the Anglican ch gives non-believers no cue for hostility, so that it ways a little startling to the lishman when the din of gious battle reaches his ears n the other side of the nnel.

ranju's film is based on a el by Emile Zola. Set in rural nce, it's the story of an listic young priest (Francis ter) who carries his otion to the ascetic life far that his health idily deteriorates. When, k from fasting, he falls im to a raging fever, he is en to a local landowner's teau to recuperate. Here he overs his consciousness but his memory: and finding nself under the tender pro- tion of the landowner's beauti- daughter, he gives himself to a brief idyll of love and eness. But memory of the t returns, one storm-tossed ht, and to the grief of the l who loves him he determines go back to his pastoral duties. fellow priest, who had feared his spiritual salvation, oices. The girl, who had ped for his (and her) otional salvation, takes her n life.

The film's sly but unmistakable rody of the Garden of Eden th (the landlord's estate is lled "Le Paradou," and the ro is expelled from it at the st taste of sexual love) builds the allegorical implications of la's story. But the tone roughout is poetic rather than lemical. Franju's sympathies d antipathies are absorbed into scheme of imagery that delights rich, simple contrasts of shape colour: between the mil- ved greys and greens in which village scenes are filmed and explosion of colour in the quences at Le Paradou (with owers a favourite motif); be- een the black, crow-like iform of the priests and the ite, Botticelli-style dress of e girls; between the images of ath with which Franju litters e early part of the film (ashes in a grate, an old woman lying dead among a pile of mattress feathers) and the flowers, trees and animals that flourish in the second part.

Only once—and that to brilliant effect—does the medieval simplicity of Franju's story-telling style boil over into Gothic hyperbole. The moment when the hero's past catches up with him is pure grand-guignol: a flash of lightning illuminating a crack in the garden wall, and there is the gaunt, predatory figure of his fellow priest blazing with silent admonition. The lost sheep duly returns to its fold. But by then the film's exuberantly heretical vision has already made its impact.

★

Filmgoers still unconverted to the wonders of Hong Kong cinema can put their scepticism to the test by seeing *A Touch of Zen*. Since surfacing at Cannes last year, this three-hour action epic, set in Ming Dynasty China, has become the film by which all other Hong Kong products are judged: a long, densely-plotted, technically brilliant film which combines the staple ingredients of Kung Fu cinema—fights, romance, revenge—with a sense of political history and a grandeur of style all its director's own.

That director is King Hu, a one-time designer, scriptwriter and actor in the Hong Kong film business who since 1965 has been turning the most stylish and intelligent films in the Hong Kong canon. (His *Fate of Lee Khan* was seen last year at the Electric cinema). Made in 1970, *Touch of Zen* was originally badly mauled by its producer: first split into two parts and then reduced to a single film of two hours. The showing of the three-hour version at Cannes was the first occasion on which the complete, authorised film had ever been seen by the public.

The length is explained by the fact that the film is really three stories in one: beginning as a love story (a young painter falls for a mysterious girl who has taken refuge in the tumbledown fort in his village), then transforming itself into a ghost story (the girl proves to be an outlawed princess, pursued by the secret police who killed her father, and determined to revenge herself on them by luring them inside the "haunted" fort), and ending up finally as a swashbuckling action film, the battlefield changing in the last hour from fort to forest as the villains meet their doom at the hands of the heroine and her allies: who by now include not only the outlawed friends of her father but a bevy of Buddhist monks to whose mountain retreat she hopes to retire after victory.

On first viewing it is the battle scenes that stay in the mind: an eye-defying mixture of flashing swords, aerial leaps and whirring limbs, all cut to rhythm as exotic and orderly as ballet. But other riches reveal themselves at a second viewing: the forlorn beauty of the ruined fort setting, a wilderness of crumbling stone and encroaching grass: the exquisite way in which detail builds on detail in an ever richer, more intricate plot; the hint of a political allegory for our own times in the faceless, corporate tyranny of the film's villains (based on a real and notoriously cruel secret service organisation that flourished in Ming Dynasty China). *Touch of Zen* won the Grand Prix for "Superior Technique" at last year's Cannes film festival, and simply as a cinematic box of tricks it puts most films in the shade. But it is much more besides—a film of subtlety and lyricism, and the first Hong Kong film to evoke plausible comparisons with the great work of the Japanese cinema.

★

Hollywood Cowboy is the British release title for a film I saw last year in New York under the much more appealing title *Hearts of the West*. That pun on an old D. W. Griffith title (for West read World) placed the film in its affectionately antiquarian context: a re-creation of the days when America first re-enacted her pioneering history for the benefit of the movie camera, and when jodhpurs and loudhailers were the order of the day for aspiring Hollywood directors.

Jeff Bridges plays the young pulp Western writer who comes to Hollywood to make his fortune: Alan Arkin, Blythe Danner, Andy Griffiths and Donald Pleasence are the assorted friends and enemies he meets on the bumpy road to fame and fortune. Director Howard Zieff creates a detailed and funny picture of pioneering days in the American cinema, and though its scope is more modest and its tone less portentous, the film rings far truer as a piece of social history than such inflated predecessors as *The Great Gatsby* and *Day of the Locust*.

Finally, two stage plays that have been transferred, with some discomfort, to the screen. Guy Green's *Luther* is the latest offering from the British Film Theatre; John Osborne's study of conscience and constipation in 15th-century Germany being given a lugubrious treatment similar to that accorded to Brecht's *Galileo* by Joseph Losey in the same series. Plays written by, or influenced by, the German poet-dramatist seem to bring out the worst in British directors: gloomy sets, stilted performances, and a general air of suffering-for-art. Patrick Magee, Alan Badel and Hugh Griffith are among the many luminaries of the British stage enlisted for this production, but only American actor Stacy Keach, as Luther, brings some much-needed variety and conviction to the proceedings.

Conduct Unbecoming, the film of Barry England's long-running West End play, is even worse: a cardboard melodrama set in a cardboard corner of the British Raj. James Faulkner plays the cadish young subaltern accused of molesting Susannah York. Michael York is the young officer called upon to defend him at a court martial. Whiskered British actors are wheeled in and out to give evidence—Trevor Howard, Richard Attenborough, James Donald et al—and the film ends with the guilty man (who isn't Faulkner) doing the decent thing with a revolver. Would that the cast and director had followed suit.

Theatre Royal, Brighton

Die Zauberflöte

by RONALD CRICHTON

The visiting opera company at the present Brighton Festival comes from Ludwigsburg, the splendid 18th century palace near Stuttgart, where a few years ago the annual festival graduated from chamber music to opera, staged in a manner specially adapted to a beautiful but inconvenient Baroque theatre. Ludwigsburg has a link with Brighton. One of the last royal occupants of the palace was Princess Matilda, sister of Brighton's patron saint, the Prince Regent. Matilda married the Duke of Württemberg who became King Frederick I. In the palace can be seen the special furniture made for the couple, who were exceedingly stout: sofas with extra legs and a writing-desk with a half-moon cut out to accommodate a royal paunch.

The Ludwigsburg producer is Ernst Poettgen, who has devised a way of staging Mozart's *Die Zauberflöte* admirably suited also to the Brighton Theatre Royal, a house with every virtue for intimate opera except an orchestra well. The orchestra is on the stage, aranged in an arc which includes most of the chorus, uncostumed and seated. Behind them, an ancient, painted backdrop presumably from the Schlosstheater collection. In front of them, a circular platform for the action. Props are carried or flown on and off—designs and costumes by Karl Dees are notably good. There are Brechtian placards, in English, to help an audience unfamiliar with the German dialogue. At first the effect is arch, but story and music soon take hold.

On Wednesday the show ran with a smoothness few of our companies now reach on a first night. The single hitch (not during the music) caused the audience more amusement than embarrassment. Transitions from childlike fun and magic to serious morality were easily made—the ordeals by fire and water, treated with ingenious simplicity, were much more effective than usual. This *Magic Flute* should be studied by organisers of festivals with theatres normally considered impossible for opera. More important, it can be warmly recommended to the public, who need not be put off by the verbiage about the "Ludwigsburg style" released in the advance publicity. In fact the innovations (only new, surely, in relation to this kind of opera) would not count for much without such a solid musical framework.

There is a Tamino of unusual distinction in Adalbert Kraus, a valuable addition to the small band of really good German Mozart tenors. Elisabeth Speiser's Pamina has been seen at Glyndebourne. She has many of the qualities needed: sincerity, good looks, a voice supple yet steady. Only a kind of simplicity was lacking, and that came half-way through the G minor aria when Miss Speiser stopped moulding her line too consciously. Karin Ott filled every phrase of the Queen of the Night's second aria with force and character—not only the fireworks. The Sarastro, Kurt Widmer, immediately found the simplicity the Pamina partly missed, and he not only held but actually increased the interest throughout the great length of "In dieser heiligen Hallen."

Klaus Hirte's Papageno, capably sung, was too strenuously spoken and clowned. His Papagena, Isy Oren, was scrumptious. A grateful nod to Matthias Hölle, an immensely tall, noble-voiced Orator, and to Oly Pfaff, his companion-priest, barely half his height. Good Ladies, excellent boy-Genies, a kindly view of Monostatos from Dieter Kurz. Chorus singing superior in quality but not quite weighty enough for the temple ensembles, bound to be the weakest part of this type of production. The chorus members who took part in the action, as followers of Monostatos for example, were exceptionally good.

Wolfgang Gönnenwein conducted. It was a pleasure, in this small playhouse, to hear such a full sound in the overture. By contrast the accompaniment of the earlier scenes seemed heavy, but the right balance was not long in coming. The second act brought some finely blended wind playing. The ear was often caught by detail that even in this transparent score can go for little in a deep theatre pit. The same conductor and orchestra and chorus (in their oratorio incarnation), with Adalbert Kraus and Kurt Widmer, can and should be heard to-night at the Festival Hall in the English Bach Festival *Matthew Passion*.

Lancaster University

Young Composers' Forum

The first of a series of five concerts to be presented at northern universities this year by the BBC's triennial Young Composers' Forum was recorded in front of an invited audience on Tuesday evening in the Great Hall on the campus at Lancaster.

The Forum grew directly out of the BBC Composers' Competition, which was taken over and sensibly re-styled along non-competitive lines by Ann Stanger in Manchester in 1973. It was a still better idea this year to abolish the motley brainstrust-panel which had sat in (for kindness' as well as brevity's sake, severely tape-edited) judgment no each of the works performed three years ago. This season, the Forum has tried to do no more than provide programmes which include as much as possible of the best music submitted: an admirable total of 26 works, by 22 composers under the age of 35, chosen from among more than 160 scores received and read.

At Lancaster, there were four young composers presented: Robin Bone (b.1947), a student of Elisabeth Lutyens and Boris Blacher: Keith Gifford (b.1955), a student at Cardiff of Arnold Whittall and David Wynne: another Cardiff student, Mark Griffiths (b.1952): and John Myhill (b.1945), guitarist, pianist and maths graduate. Robin Bone's *Opportunities for Discord* for oboe and string quartet was a pleasant, neat piece, somewhat constrained by self-conscious technical manners, hardly adventurous, but solidly made—music in the manner of Blacher at his most imperturbable, Lutyens at her smoothest, bound in the harmonies of late Hindemith. I found the title surprising: *Opportunities for gentle lyrical agreement* might have seemed more apt?

Keith Gifford's *Tropism* for solo piano was an altogether tougher, more exciting proposition: "streams of sound at middle pitch, high pitch, low pitch and extreme pitches", poured forth in full, fast flood—a recollection, far from tranquil, of Prokofiev's Toccata, fast and savage, halted near the end by angry silences. There were a few weak moments, of splashy bombast, of uneasy dramatic timing: but as a whole, I thought it an impressive piece, strongly imagined and vigorously conceived—played here with great force and confidence by Martin Jones.

Environmental Studies by Mark Griffiths, scored for piano, violin and four-track tape, in its electronic part somewhat overdid the sci-fi *blip* and *boingg* effects, and displayed a rather too predictable fondness for wave-crash, sea-swell and wind-noise There were sequences, too, which lacked clear focus—sequences no doubt far from vague in the composer's mind, but vague in execution, impact. But no lack of ideas: some good, strong interactions between tape and instruments—once again, a piece, for all its faults, of definite, well-formed presence.

John Myhill is an admirer of Django Reinhardt, and the whole of his string quartet no. 3 is based on one section or another of Reinhardt's *Manoir de mes rêves*. The work is wholly tonal, beautifully crafted, an attractive unselfconscious homage, put together with care and affection—and a remarkably firm, clear grasp of the material. The second movement scherzo is a Charleston. The third movement I liked best: a rather beautiful, stylish transcription of an original Reinhardt/Grappelli duet. Excellent performance from Lancaster's resident quartet, the Delmé.

The Forum continues this month at Hull, and at York, Manchester and Newcastle later in the year. A shame only that the series is so spread out, and that we must wait so long, perhaps even until next year, to hear it on Radio 3. Organising all of the concerts at one venue on consecutive days, and broadcasting them as soon as possible, could make the series more coherent and satisfying—could lend some of the sense of importance and focus it deserves.

DOMINIC GILL

Phoenix

Bus Stop

by B. A. YOUNG

The great thing about William e's *Bus Stop* is that it knows place. It is a sentimental, l-made, realistic piece that gresses smoothly towards a ch of happy, or at least pliant, endings. The formula a little knot of people forced circumstances into one ther's company — the road side the bus-stop diner is w-bound, the telephone wires down, the passengers nded—is the kind of cliché ation that naturalistic writers inctively lean on. There are tral parts for a tall good- king man and a pretty girl need of sympathy. The audi- e the play is looking for is ddle-brow, movie-loving, un- itical: and it catches them h the professional certainty *As You Like It* or *Trelawny the Wells*.

Unfashionable it may be; but prepared to bet that the pro- tion at the Phoenix will pack theatre throughout its run, it meets Inge's requirements cisely. At the core are Lee nick and Keir Dullea, as tty and as handsome as you ld ask. Miss Remick plays rie, a night-club singer from mall town who is being half- villingly shanghaied by Bo ker (Mr. Dullea), an arrogant naive young rancher, with object of marriage on his ntana ranch. Miss Remick is dly extended by the part, ich might have been made to asure for her. The shallow otions flicker about her like gleam of distant neon-lights, clumsy, tired walk in her etto-heeled shoes, the appal- g performance of "That old ck magic" in her absurd rking costume pierce the heart her helpless simplicity.

Meanwhile, virginal Mr. Dullea iolests" her under the impres- n that this is how love is de—mainly a matter of a firm -handed grip round the waist nable to believe that any girl ld help loving anyone as l, strong, good-looking, well- nnered and literate as he. lpless simplicity in another se, requiring only to be ered in the right direction.

Luckily someone is there to ke the necessary course cor- tions, Will Masters the Sheriff, kind of man who says "A good hter's got to learn what it ans to get licked" and licks Bo (offstage, alas) when he finds him carrying off Cherie by force. Will (nicely played by Roy Purcell) is almost the only other character directly influencing the central affair. The rest, even Bo's guitar-playing buddy from the ranch (Don Fellows) whose affection may or may not be more than paternal, are peripheral.

They are two pairs. Dr. Lyman, a peripatetic teacher of English has a weakness for girls 40 years younger than himself: and Elma is a waitress 40 years younger than he who falls for his charm and helps pass the time by acting with him the balcony scene from *Romeo and Juliet*. Carl, driver of the snow-bound bus, finds the delay an opportunity to get to know Grace, owner of the diner, more intimately than he can on his usual 20-minute stops.

Two of these peripheral parts have called out really fine performances, those of Dr. Lyman and Elma the waitress. Alfred Marks needs to show the charm that Lyman exerts on the young without revealing that he is a habitual sexual offender, and he walks this razor-edge with the outstanding ability I find in almost everything he does, beginning with a flattering display of culture (he is given to reciting Shakespeare), sinking progressively into drunkenness and sleep, but leaving, once communications are restored, with enough panache to stir a twist of regret as his true history is disclosed

Jenny Quayle is an enchanting Elma, a schoolgirl blossoming instinctively towards the proffered friendship, combining her universal good nature with a deft hand behind the counter, as eager as a Girl Scout to organise a show to keep the passengers amused till their bus is ready to start again. At her shoulder is reliable Grace, in the person of Miriam Karlin, growling her directions and her affections in a companionable baritone until it is time to slip upstairs with a convenient headache to join Carl.

Immensely sentimental, all of it, and like all sentimental plays, full of false conclusions. (Bo's and Cherie's life on the ranch hardly bears thinking about.) But here is a play that tries only to be what it is, and it is directed in a totally appropriate manner by Vivian Matalon.

Festival Hall

Beethoven & Strauss

by MAX LOPPERT

Herbert von Karajan and the Berlin Philharmonic Orchestra gave on Wednesday the final concert in the Festival Hall Silver Jubilee series. It was the shortest (the two works played, Beethoven's Eighth Symphony and *Ein Heldenleben* amounting in length to two-thirds of an average orchestral concert); the most celebrity-studded; and the most expensive (stalls up to £12.00 each — a record?). And the best? However tempting the insistence that over-pricing of this kind must somehow be related to intrinsic quality, either positively or negatively, the occasion made clear once again the point that music and money stand in no definable or proportional relationship. (A provoking fourth statistic is that the concert was the best attended—so for the audience the issue of value-for-money was apparently easy to resolve.)

On one point of quality, however, a "best of the series" could with certain confidence be registered—the standard of the playing, fabulous beyond the reach of London orchestras, even on their occasional red-letter day. This praise of the Berlin orchestra under Mr. von Karajan makes familiar reading, but is yet worth repeating, both because of its rarity, and also its particular significance. A newcomer to the orchestra live in the concert hall must surely be struck first by the particular splendour and lyrical vitality of the bass line, notably by the way the double basses (each player apparently a virtuoso) drew the ear to a region of tone normally muffled and half-unnoticed, mostly just "there," very rarely providing the kind of positive pleasure of which on Wednesday there was an abundance. The cliché about an orchestra playing as one instrument must serve afresh for all departments, and their interaction as a whole.

And yet *musically*, to make the vital distinction, the experience was curiously uneven — curious indeed that such a distinction should be possible. The Beethoven F major Symphony was as uneventful, and finally as uninteresting, as it was possible for the music to be when so superbly sounded: briskly taken, punctilious in obedience to written directions, and finally empty-spirited. Beethoven's uproarious, beneficent, immensely good-humoured musical landscape, full of heartwarming sunlit shocks and contradictions, was rendered strangely featureless—for the listener, a little as though the orchestra were an interpretative Trans-European-Express passing at high speed, immaculate but impervious, through a richly various countryside. A great conductor, one felt, but a limited musician.

In the performance of the Strauss symphonic poem, no such distinction could be made. In the sense that the content of the music is imaginatively inseparable from the orchestra's own style of playing, the conductor's task is perhaps made easier: even so, the variety of mood, the willingness to characterise the musical incidents, the tenderness as well as the muscular firmness in the shaping of sections, can never be over-valued in Strauss. For one basically out of sympathy with the scope and the cast of Strauss's musical imagination, this performance was often like hearing a new piece of music, not all big gestures to small purpose. The feeling will probably last only until the next workaday account of *Ein Heldenleben*; in the meantime, much thanks.

The old Olympics

In honour of the ancient Olympic Games, the Fitzwilliam Museum, Cambridge, has prepared a special exhibition of material drawn from its own collections. A photographic montage of the Olympia site creates a dramatic background for the vivid representations of ancient sports on contemporary coins and painted pottery.

The religious celebrations that were an important element in the ancient Olympic programme have as their focus the temple of Zeus (the famous cultstatue of Phidias is shown on an extremely rare bronze coin of Elis). And the exhibition ends with a wider view of the athlete's world in antiquity, including a notice of the other major festivals of the sports "Circuit" at Delphi, Corinth, and Nemea, and of the prize games of imperial times which imitated, but never equalled, the original Olympic Games.

The exhibition runs from June 22 to July 22.

WORLD TRADE NEWS

Philips may secure over £150m. orders from Saudis

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

PHILIPS is close to creating a new upset in the international telecommunications industry, this time in Saudi Arabia.

After many months of assessing rival tenders for the modernisation and expansion of their country's telephone network, the Saudi authorities are now understood to be negotiating with Philips as leader of an international consortium.

At stake is an order for nearly 750,000 lines of computer-controlled exchange equipment, together with extensive cable and transmission equipment. Philips will make no comment on the situation, but other sources indicate that the consortium includes other European as well as North American interests.

If the negotiations result in firm contracts, the Dutch company could win well over £150m. of orders for its PRX exchanges, apart from possible cable work.

Talks about this sort of project generally continue for months, even beyond the customer's declaration of intent, so there is still time for a change of plan by the Saudi Arabians. One strong lobbyist in such a case would be Western Electric of the U.S., which has just ended its export embargo, as revealed in April.

For Philips to win the order would be a considerable break with the past on two counts. First, Saudi Arabia has traditionally given most of its exchange equipment business to Sweden's L. M. Ericsson, which had been discussing the current project for well over a year before attention was transferred to Philips.

Second, Philips is a newcomer to the international market for telephone exchanges. Fifteen months ago, in a last-minute coup, it (with the help of Belgian-Dutch credit) took a £100m. Indonesian order away from Siemens, which had been confident of winning.

First yen loan for Philippines

BY PETER DUMINY

TOKYO, May 13.

ARRANGEMENTS were completed to-day for the Philippines' first yen loan—850m. to be provided by 24 Japanese banks. The borrower is the Filipino Central Bank, which requires the money to bridge its payments deficit, in addition to approximately $400m. already raised in the New York and Euro markets.

The Japanese loan is for seven years, and will be drawn in three instalments—the first this year and the others in 1977. The interest rate has not been disclosed but is believed to be the domestic long-term prime rate (at present 9.2 per cent.) plus 0.6 per cent.

The lead managers are the Bank of Tokyo and Fuji Bank. They were originally approached for a dollar loan, but this request was turned down on the advice of the Ministry of Finance.

Asked about this at the regular briefing session for the foreign Press, Mr. Taroichi Yoshida, Finance Vice-Minister, said Japan's external situation was already too heavily characterised by short-term dollar borrowings to fund long-term lendings. It is therefore "policy" to extend medium- and long-term loans in yen.

The other loan in the pipeline is a Y10bn. ($33m.) public bond flotation for the Mexican Government. This is bound to face a reluctant welcome in view of the present weakness in the long-term Japanese market, plus probable insistence by the Finance Ministry on relatively favourable terms for the borrower, because of the element of economic assistance in the transaction.

The market does not like foreign issues for this reason, and Mr. Yoshida said to-day it has been decided to increase the number of flotations from four to six a year. There are 30 applicants in the queue.

Meanwhile, Mr. Yoshida also confirmed that $300m. of Japanese Government bonds have been sold to "several" foreign central banks by the Bank of Japan since last September. The main buyer is believed to have been Saudi Arabia. The Bank of Japan is almost the only source of short-dated national bonds—the buyers have sought one- to two-year maturities—and can make prices practically as attractive as it chooses.

It is believed that international agencies, including the Bank for International Settlements, have also acquired holdings of yen bonds in the past year.

Opposition to Brazil-U.S. export agreement

RIO DE JANEIRO, May 13

BRAZIL'S pledge to the United States to reduce export subsidies in order to avoid U.S. customs surcharges is running into domestic opposition. Private Brazilian agrarian and export sectors are worried that this will seriously affect sales abroad.

An agreement in principle was formulated during U.S. Treasury Secretary William Simon's Brazil visit which ends to-day. Main Brazilian products affected are shoes, soyabean oil and leather goods. U.S. producers have been complaining that the subsidies constitute dumping.

The reduction should be done carefully to avoid "serious distortions for national companies," said Sr. Dorival Texera Vieira, economic adviser to the Federation of Commerce.

A sharp reduction could make many products uncompetitive on the world market. Domestic production costs of certain products, such as soyabean oil, are higher than world prices making the subsidies essential for export promotion.

Private soyabean oil producers are worried that the current 20 per cent. subsidy will be reduced to 14 per cent. in June and eliminated by the end of the year.

The two nations also agreed to study ways of reducing the Brazilian tax liability of U.S. companies operating here to avoid double taxation. Mr. Simon said this was essential in attracting more U.S. private investments. Current U.S. investments here total over $3bn.

AP-DJ

Belgium proposes Seoul copper plan

BY OUR OWN CORRESPONDENT

SEOUL, May 13.

A BELGIAN company has proposed to sponsor a consortium with British and Finnish firms for providing a loan of $68m. to finance South Korea's construction of a large copper smelter, according to Korean Government sources.

The proposal was put forward during the annual trade ministers talks between Korea and Belgium which ended here to-day. Belgium was represented by Minister of Foreign Trade Michel Toussaint. Regarding the project, a joint communique only said, "the Belgian delegation expressed its particular interest in participating in the copper refinery project" to be built at Onsan on the east coast near Ulsan.

Reliable official sources said that Davy-Power Gas would be the British partner in the proposed consortium to be sponsored by Sybertra SA of Belgium.

South Korea originally planned to build the country's first ... copper refinery with an ... capacity of 100,000 tons in a ... venture with Canada's ... mines, which later backed ...

At the talks the Belgian ... ernment promised $3m. ... aid to help establish a ... training school in the C... machine industry estate al... south coast in a move to ... its commercial involvem... South Korea.

● AP-DJ reports from ...: A two-man mission head... Riichiro Aikawa, ... director of the Japan-Korea Trade Association, ... day for North Korea to ... North Korea's overdue pa... in trade with Japan, the ... tion said. A spokesman ... association declined to ... the amount of North ... overdue payments, but ... Korea is understood ... about $60m. of overdue pa... in trade with Japan.

Indian coal to EEC

The Indian Government has initiated a move for financial and technological collaboration with the EEC to develop export-orientated coal mines and infrastructural facilities with the aim of supplying coal to Europe on a long-term basis, reports K. K. Sharma from New Delhi. India has been told that in view of its increasing requirements the Community would like to diversify its coal supply and hence the decision to launch the joint ventures in India.

Andean Pact

Venezuela will not allow modifications in the Andean Pact's regulations on foreign capital, according to the head of this country's Foreign Trade Institute (FTI), Reinaldo Figueredo, reports ... Caracas correspondent. Figueredo stressed that ... country is not seeking modifica... tions in the fundamental ... covering control of ... investment.

S.A. car sales

South African sales of passen... vehicles in April totalled 1... units compared with 17,786 ... in March and 18,105 units in A... 1975, the National Association ... Automobile Manufacturers ... South Africa said, Reuter re... from Port Elizabeth. Sales in ... four months ended April tota... 68,888 units against 70,087 ... in the corresponding period ... 1975.

TRACTORS IN TRANSITION

Growing demands for comfort

BY KEVIN DONE, INDUSTRIAL STAFF

THE FUNDAMENTAL design of the agricultural tractor has changed little since an Ulsterman, Harry Ferguson, produced the first prototype of the Ferguson tractor in 1920, and laid the foundations of the present booming U.K. agricultural machinery industry.

But under pressure, partly from domestic legislation in several West European countries and partly from farmers' continuing demands for machines with higher work rates per man-hour, the driver's comfort has been greatly improved.

In preparation for meeting the deadline on June 1 for reduced tractor operator noise levels, manufacturers in Britain are in the process of introducing, first to the British market and later to the Continental market, new ranges of small- and medium-sized machines, the traditional farm work-horse.

The U.K. is the free world's third largest tractor manufacturer, producing 144,039 units last year—one every 3.65 minutes—of which 120,592 were exported. It is the largest exporter of farm tractors in the world. The leading multinationals, such as Ford, Massey-Ferguson and International Harvester all have their main European tractor plants based in Britain, a convention well-established since the days of Harry Ferguson.

With the arrival of new European ranges from all manufacturers — some offering completely new machines, others providing highly developed cabs on existing machines—a steady optimism seems to be ruling the long-term prospects of the industry.

As far back as 1970-71 the market was very low, but ever since there has been a strongly growing demand for British products both in the domestic and export markets.

The value of total exports in the first quarter of 1976 has gone up by 41 per cent., creating a favourable balance of trade worth £1,000 a minute. Exports last year at £628.1m. compared with £419.4m. in 1974 and exceeded imports by £447.6m.

As far as sales to the EEC countries are concerned, Britain's performance improved by 44 per cent. last year. But the Agricultural Engineers Association do not consider this to be a large increase in real terms.

Mr. John Richman, the president of the AEA, says: "The total potential EEC market for farm machinery is about ten times that of the U.K. alone, and we must aim for a larger share of it. The industry as a whole is not yet sufficiently Common Market orientated." The U.K.'s major tractor markets are South Africa, Turkey, Australia and the U.S.

Agreements that are now being reached with developing countries will mean that more and more tractors will be shipped in parts rather than as complete units, as the developing countries try to build up their own industries.

The pattern of tractor sales in Western Europe will increasingly be dominated by moves for domestic legislation on operator noise level. The AEA estimate that it is costing British tractor manufacturers in excess of £10m. per year to introduce the "Quiet" cabs.

Sweden has always been in the forefront of introducing new health and safety legislation for agricultural tractor drivers, and though different methods of measurement are used, the British legislation is very similar to the Swedish for all practical purposes.

Sweden has a top level of N85, comparable to Britain's 90 decibels (A), while Finland has more lax regulations at N95. Germany is due to introduce a system of 90 db (A) on July 1 and Austria introduced noise legislation in October last year.

There has been much debate on an EEC directive between the member countries, but the move has run into opposition, especially from Italy, which considers that technology has still to develop the tractor that can meet the 90 db (A) level without the necessity of building a special cab.

The earliest prediction for completion of the EEC directive would be about 18 months, but it could be at least four years before it comes into operation. Manufacturers expect the trend of tractor sales to be towards bigger, more flexible, more comfortable machines. It was only in 1950 that tractors replaced horses on British farms as the prime movers, with 200,000 of each.

Massey Ferguson is predicting that by 1980 the average tractor size in use will be up to 60 hp and that a quarter of sales will be over 80 hp. By 1985 it says the average size will be up to 70 hp, a third of sales will be over 80 hp and a sixth will be over 100 hp.

The tractor market demand is potentially strong for a long time—"There is a lot of land in the world that needs a tractor," says the AEA economic adviser, Mr. Chris Evans.

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SEC proposes no total ban on foreign payoffs

BY JAY PALMER — NEW YORK, May 13.

U.S. Securities and Exchange Commission, the Federal Government's principal watchdog of the activities of public companies in this country, has strongly recommended that no action be taken to ban all payments of foreign bribes by American companies.

Concluding more than two years of study during which more than 100 U.S. companies were found to have made such payoffs, the SEC's report to the Senate specifically noted that there could be circumstances in which questionable and possibly illegal overseas payments should be allowed and not be disclosed.

Senator William Proxmire, the chairman of the Senate Banking Committee and the author of legislative proposals for an outright prohibition of such payments, said that he would accept the SEC's more moderate approach and redraft his Bill.

Over the past year, Federal authorities have come under intense pressure not to legislate an outright ban or insist on public disclosure. It was argued that any ban could place U.S. companies at a distinct competitive disadvantage when it came to getting foreign business, while full disclosure of past payoff recipients would damage foreign relations.

As expected the SEC's guidelines made a sharp distinction between overseas payoffs which in some way broke U.S. laws, and those which only contravene local regulations. Until now U.S. payments overseas only broke U.S. laws if such payments were declared as tax-deductible expenditures.

The agency called for far tougher penalties, involving jail terms, for U.S. corporate officers "who deliberately falsified corporate books" to prevent auditors, other directors or shareholders from learning about payments. It also argued that full disclosure of any payoffs was mandatory if the amount was "significant," if payoffs continued for any length of time, or if any sudden stop in payments for any reason would jeopardise company profits.

Risking the full wrath of public moral indignation that has arisen over the corporate payoffs, the SEC bravely notes that there were occasions when "good and sufficient" reasons could be found for some types of bribes.

AP-DJ adds: Japanese special envoy Shizuo Saito met Assistant Secretary of State Philip Habib and received renewed pledges of full U.S. co-operation in Japan's investigation of the Lockheed bribery scandal.

Soviet interests affecting U.S. presidential politics

BY OUR OWN CORRESPONDENT — WASHINGTON, May 13.

THE RUSSIAN connection with the U.S. presidential election is manifesting itself in a number of tangible ways. President Ford's decision to eschew public ceremony in signing the treaty governing peaceful nuclear explosions is one example, and the New York Times reported this morning that aides to Mr. Jimmy Carter, the leading contender for the Democratic Party presidential nomination, have said that Russian diplomats here have been frequently in contact with their campaign.

In New York this morning, Mr. Carter acknowledged the contacts but added in his usual manner: "I'm not prepared to talk with anyone until after the election."

Mr. Ford's decision was clearly made with next Tuesday's Michigan primary in mind. It bolstered the belief here that foreign policy initiatives likely to go down badly with the Right-wing of the Republican Party will not be entertained while the President is locked in a desperate struggle with Governor Ronald Reagan.

The Russian overtures to Mr. Carter's aides, which included the suggestion that the candidate and Mr. Dobrynin, the Soviet Ambassador to Washington, meet to discuss matters, ar ealso not out of the ordinary.

The Soviet Union has shown in the past a keen interest in U.S. presidential politics.

This year the Russian message has apparently been that Moscow is disillusioned with Mr. Ford's foot-dragging over détente, has no interest in seeing Mr. Reagan returned (or, now more academically, Senator Henry Jackson), but wants to know more about Mr. Carter's views and probable policies.

Olympics to cost $1.4bn.

The Montreal Olympic Games are going to cost a staggering $1.4bn. and, despite help from a special tax on Quebec smokers and gamblers, the city itself is going to have to foot a bill for $200m., Reuter reports from Montreal.

The hopes of Mayor Jean Drapeau that the city was going to be bailed out of its large debt by the provincial Government in Quebec were firmly quashed by provincial Finance Minister Raymond Garneau when he presented his Budget in the Quebec Parliament on Tuesday.

As a concession to the city, however, he doubled the provincial tax on cigarettes and tobacco to produce $90m. additional revenue a year. This will be earmarked for the Olympic debt until 1981, when the province's responsibility for the Games ends and when, he hopes, the $800m. share of the deficit assumed by Quebec will have been wiped out.

Argentinian Economy Minister for U.S.

Argentinian Economy Minister Jose Alfredo Martinez de Hoz has anounced that during the first fortnight of June he will travel to the U.S. and then embark on a European tour that will take him to the U.K., France, Belgium, Holland, West Germany, Switzerland, Italy and Spain, writes Robert Lindley from Buenos Aires.

The purpose of the trip, the Minisetr said, is to enter upon only financial, not commercial, negotiations. Dr. Martinez de Hoz leaves for Washington to-day to confer with U.S. Treasury Secretary William Simon, who has invited him to the American capital. In recent days, Secretary Simon has made official visits to Santiago, Chile, Brasilia and Mexico City.

From Washington, Dr. Martinez de Hoz will fly to Mexico City to attend the assembly of the governors of the Inter-American Development Bank there between May 17 and 19.

Lopez plans for Mexican reforms

Sr. Jose Lopez Portillo has disclosed plans to carry out a major reorganisation of Mexican public administration after he assumes the Presidency in December this year, Alan Riding reports from Mexico City. In an interview, Sr. Lopez Portillo, sole candidate for the July 4 presidential elections, said he would create a number of "super-Ministries," and also emphasised the need for a thorough tax reform which would accelerate the redistribution of income in Mexico.

House may back Senate vote for higher Budget

BY JUREK MARTIN, U.S. EDITOR — WASHINGTON, May 13.

THE HOUSE of Representatives will probably later to-day go along with the Senate and pass a resolution setting a budgetary ceiling for the next fiscal year of $413.3bn., $17.5bn. more than President Ford wants to spend.

Under the new budgetary procedure, both Houses are obliged to pass concurrent motions by May 15. The Senate vote yesterday was 65 in favour and 29 against, and though the House margin may be proportionately smaller it is confidently expected to pass.

President Ford may not, under law, veto this spending ceiling. However, he may veto individual departmental spending bills, which must not in sum exceed the congressionally established targets, when they emerge from Capitol Hill later in the year. He also retains the right to impound funds voted by the Congress.

There had been some nervousness at the outset that this new procedure would fall foul of typical Congressional bickering, but this does not appear to have happened. Congress had increased its own economic staff to enable it to deal with the Budget in a more systematic and considered manner and its success so far could well establish a new bridgehead for the legislature in its desire to be involved more intimately in economic policy making.

The Ford Administration has criticised the Congress for agreeing to spend more than the President had originally proposed. It has argued that the size of the Congressional Budget is inflationary and will jeopardise continued economic prosperity. Congress has countered by claiming that Mr. Ford's Budget was so austere as to ensure that unemployment would remain high and make another recession inevitable inside two years.

The congressional budgetary deficit is estimated at $50.8bn., about $6bn. more than that advanced by the Administration. However, Mr. Ford's increased defence spending proposals have been left almost untouched. On the other hand, his tax cut proposals have gone, as have his recommended increases in social security and payroll levies. Congress has also voted to spend more on social programmes than Mr. Ford would have liked.

His response is likely to be determined by the dictates of the election campaign. It had been assumed that one of his main platforms this year would be an onslaught on the profligacy of congressional Democrats, but so consumed has he been by Governor Reagan's challenge that this theme has been heard infrequently.

In the last couple of days there have been signs that he is trying to return to it in an attempt to persuade Republicans of his own economic and fiscal conservatism. But the timing is such that he will not have the opportunity actually to veto individual appropriations before the primaries are over and done with. If he becomes a lame duck President, then his ability to sustain his vetoes may be severely curtailed.

● As an earnest of his conservative intentions and responding directly to Mr. Reagan's attacks on the bloated federal bureaucracy, Mr. Ford in a speech here this morning promised to free small businesses from excessive regulatory interference. He outlined a proposed reduction in red tape to take place over four years, starting in 1977. The speech did not, however, contain many specifics.

Kissinger on African 'alternative'

WASHINGTON, May 13.

DR. HENRY KISSINGER, U.S. Secretary of State, said to-day that many African leaders now believed that they could find a peaceful approach to majority rule in southern Africa that would not involve the Soviet Union or Cuban troops.

He told the Senate Foreign Relations Committee that African countries had been suspicious of the Cuban presence in Angola and apprehensive as to where the Cubans might direct their energies next.

"But instead of seeing such intervention as inevitable—or, worse, beyond their power to prevent—I believe many African leaders now see that there is an alternative," he said. "They can coalesce around a peaceful approach which will deprive the Soviets and Cubans of any plausible reason for remaining in force in Africa, which no responsible African leader wants in any case."

Dr. Kissinger added: "I believe it is becoming more unlikely that other African countries will invite Cuban troops." He made his comments in his first report to Congress since returning last week from a six-nation African trip, during which he laid down new U.S. policies towards the continent.

He said that the possibilities of a negotiated solution in Rhodesia had been greatly enhanced by the proposals he made at Lusaka in Zambia. In a major speech there, Dr. Kissinger said that the white minority regime in Rhodesia would face America's "unrelenting opposition" until black majority rule is achieved.

Dr. Kissinger supported in the strongest terms Britain's proposals for early transfer to black majority rule in Rhodesia based on elections within two years. He said that although armed struggle had already been advocated by Rhodesia's neighbours, it had been made clear that if the U.S. put forward proposals on Rhodesia which moderate Governments could support, they would be prepared to concentrate on an African solution. Such a solution would stress a peaceful evolution to majority rule around which African nations could rally.

"I believe we have achieved this," Dr. Kissinger said. "The possibilities of a negotiated solution have been greatly enhanced." He said that reactions to the new U.S. policy had been universally positive. An important development has been the agreement by a number of African leaders that outside powers should not, in the future, deal directly with liberation movements in southern Africa. "We agreed to do this and urge all other countries to do the same," he said.

Dr. Kissinger said that big power intervention in Africa could only undermine unity, set African against African and involve the risk of conflict. "I can state categorically that the United States has no such designs on the Continent and that, therefore, further Soviet or Cuban military intervention would raise the gravest questions," he said.

He said that assistance programmes were vitally needed to solve fundamental problems, and he welcomed the Foreign Relations Committee's action this week in voting to provide $80m. for Zambia, Zaire and other countries affected by the problems of change in southern Africa.

Reuter

PRESS FREEDOM IN CHILE

When security comes first

BY ALEJANDRO KOFFMAN O'REILLY

PRESS FREEDOM is in one of its bleakest periods in Chile since the state of siege was imposed by the Chilean junta when it took power 31 months ago. An absence of Press freedom is nothing unusual in Latin America. The Inter-American Press Association complained at its last conference, in October 1975 at Sao Paulo, that there was no free Press in Chile or in eight other countries of the region.

Chileans, however, were accustomed to a democratic Press and staunch junta supporters such as the conservative daily, El Mercurio, have editorially warned the military that closing down information media alienates a majority of citizens. Neither those warnings nor the protests following the sacking of a Christian Democrat radio station manager and the destruction of one issue of Erculla, a weekly news magazine, after 42 years of uninterrupted publication, seem to have been effective. All they brought about was a statement by a junta spokesman saying that internal security took precedence over public liberties

Many hope that the general assembly of the Organisation of American States in Santiago next June will bring about more flexibility in official attitudes, since an inquiry into the human rights situation in Chile is included on the agenda. One of them is Sr. Fernando Diaz, president of the National Journalists' Association. Journalists and media owners have been asking, so far unsuccessfully, for the abrogation of the decree used against Radio Balmaceda, the Christian Democrat radio station, and against Erculla. The decree, No. 1281, issued last December, added a new article to the 1958 National Security Law which authorises the military commandant of an emergency zone to repress anti-patriotic propaganda. The new article empowers the military commandant to close down for six days publications or radio stations which publish news calculated to alarm the population.

The statement by the Director of Social Communications, Army Colonel Gaston Zuniga, placing security above liberty, was considered to be the final answer to requests for a repeal of the article. Nevertheless Sr. Fernando Diaz told the Financial Times that he is continuing his efforts for a repeal of Decree 1281.

"When the state of siege is lifted," he said, "the limitations on the Press will disappear, since the new constitution being drafted by the junta guarantees freedom of expression."

No date has been announced for the introduction of the new constitution, which would involve holding a plebiscite. Meanwhile Sr. Diaz, as editor of a Santiago daily in the El Mercurio group, exercises what he calls self-control. "We are held personally responsible for the news we print," he said.

> **"When the state of siege is lifted, the limitations on the Press will disappear since the new constitution being drafted by the junta guarantees freedom of expression."—Sr. Fernando Dias, president of *the National Journalists' Association.***

One who failed in that exercise of self censorship was Sr. Belisario Velasco, general manager of Radio Balmaceda. Following newscasts about a sugar shortage, also reported by other media, Radio Balmaceda was closed for six days last March. Sr. Velasco was exiled indefinitely to Putre, a village on the northern plateau. There 160 villagers live in adobe houses with straw roofing. Outsiders are likely to suffer mountain sickness, as Putre is 11,000 feet above sea level. During the winter temperatures can drop far below zero. Since Sr. Velasco was sent to Putre, Radio Balmaceda has suspended its news broadcasts, although the station was reprieved from closure.

Sr. Jaime Castillo Velasco, editor of Politica y Espiritu, a Christian Democrat ideological magazine suspended last December, does not rule out possible moves towards freedom of the Press, assuming the Government does not use the contentious decree and does not foster self-censorship.

During the last 2½ years, Press readership has dropped by 20 per cent., according to industry sources. Probably economic restriction—a newspaper costs about as much as two pints of milk—and the dullness of the local Press, both contribute to the public's lack of interest.

With dissent limited to those whom the junta deems to be writing "in good faith and with elevated spirit," the interest of a formerly politically interested public in a one-sided Press seems unlikely to pick-up.

Government criticised on Parliament control of EEC

BY REGINALD DALE, EUROPEAN EDITOR

THE SELECT committee set up to scrutinise EEC legislation has strongly criticised the Government for failing to ensure proper Parliamentary control over decisions taken in Brussels. The committee's main complaint is that parliamentary debates on important Common Market issues are not organised in time for MP's views to be taken into account.

In its latest report, published yesterday, the committee said that unless debates could be held earlier, progress on other problems of parliamentary control over the EEC "would in many respects be useless."

The report said it was essential, if national Parliaments were to have an effective voice in the examination of EEC Commission proposals, that "the views expressed in debates should be taken into account by Ministers and acted on during the early and intermediate stages of their consideration within the working bodies of the council, rather than (as happens in the majority of cases at present) at the last minute immediately before final decisions are due to be made by the council itself."

As an example of issues that the House should have debated earlier, committee members to-day cited a secret undertaking by the Government in Brussels last November that it would not extend the range of goods subject to zero rates of value aded tax. Mr. John Davies, the committee's chairman, told a Press conference that the House would have been very reluctant to accept such a commitment if a full debate had been held.

Committee members said the Government's undertaking would have remained secret if they had not recently discovered it, and pointed out that they had been pressing for a debate on the latest EEC directive on value added tax for many months. Since February last year, 53 EEC proposals had been debated either on the floor of the House or in standing committee, but 44 were still awaiting debate, including important directives on commercial vehicles, driving licences and company accounts.

The committee also complains that it has no formal way of knowing when proposals that have been scrutinised are subsequently radically changed during Council negotiations in Brussels. New procedures enabling the committee to have a "second look" in such cases are getting under way, but the report said it was too early to say whether the idea would be a success.

Another difficulty was that the committee was only empowered to look at documents officially submitted by the Commission to the Council of Ministers, the report said. The committee wants its competence extended to include documents such as the Tindemans Report on European Union published by the Belgian Prime Minister in January, particularly as the House of Lords Select Committee on the EEC is entitled to consider such issues.

The Commons Committee can do no more than decide whether proposed Brussels legislation is important enough to merit a debate, and Mr. Davies said it was very difficult to tell how far EEC directives had actually been modified as a result. But he thought the committee's activities generally exerted pressure on Ministers and had had an important effect on some major agricultural issues.

The committee is also trying to establish closer liaison with the U.K. delegation to the European Parliament, and will shortly visit Strasbourg to see how far this can be achieved. But it admits that there are many practical problems, particularly as committees of both houses tend to examine the same subjects at the same time.

Despite all these problems, the committee is reasonably pleased with its overall progress. After looking at the working of similar committees in Germany, Denmark and Ireland, the committee concluded that "in no other Parliament was the scrutiny of Commission proposals conducted more comprehensively and thoroughly than in their own, although it is fair to add that the Danish committee have greater opportunities for influencing their Government."

French inquiry provokes storm

BY ROBERT MAUTHNER

PARIS, May 13.

A POLITICAL row over an investigation into the activities of the major French and international oil companies has broken out in France following Opposition allegations of Government pressure on the judiciary.

The affair blew up when M. Gaston Defferre, a prominent Socialist leader and Mayor of Marseilles, accused the Justice Ministry of having posted a magistrate investigating allegations into price rigging by major oil companies in the Marseilles area to a new job in a small northern French town.

M. Etienne Ceccaldi, who was a leading member of the legal team dealing with the case, was "promoted" to Public Prosecutor, but M. Defferre claimed that his new posting was no more than an attempt by the authorities to hush up the whole case.

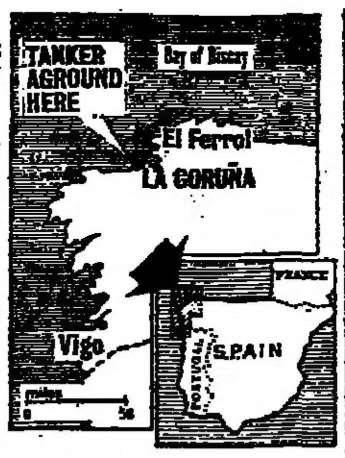
The five-year-old legal proceedings have so far led to the bringing of charges against 40 people, including the regional managers of several major oil companies. They were started in 1971 after a small independent operator had brought a case alleging that some of the big compaines had refused to supply him with oil products because he had refused to respect their prices.

Two years later, the Finance Ministry's Committee on Monopolies published a report, which concluded that the major oil companies had indeed been indulging in restrictive practices. The Government did not, however, instigate any legal proceedings of its own, but laid down a number of rules which the companies were required to respect. The committee is due to report next week on the extent to which the oil companies have *complied with these rules.*

The latest affair follows close on the heels of another scandal connected with the oil industry, which has been growing for some weeks and which became public when the newspaper "Le Monde" dismissed its oil correspondent, M Philippe Simonnot.

M. Simonnot had written an article in his newspaper based on a confidential Finance Ministry document dealing with the planned merger of the State-owned Elf-Erap and Aquitaine oil groups.

The Ministry subsequently began legal proceedings against the journalist for alleged theft. Suggestions that the Finance Minister, M. Jean-Pierre Fourcade, brought pressure to bear on "Le Monde" to sack M. Simonnot have been categorically denied by the paper's editor.



La Coruna threatened by huge oil slicks

By Roger Matthews

MADRID, May 13.

HUGE OIL slicks spread out into the Atlantic to-day as the Spanish Government sought international help and ordered additional ships to the port of La Coruna in an attempt to contain thousands of tonnes of crude oil still spilling from the 60,000-tonne Spanish-registered tanker Urquiola, which went aground and exploded at the entrance to the harbour yesterday. Several European countries are understood to be sending special anti-pollution equipment to the scene.

A vast black pall of smoke was still rising from the tanker this afternoon and it was estimated that between 40,000 and 70,000 tonnes of the 108,000 tonnes cargo might have been deposited into the sea.

People suffering from respiratory ailments have been advised by local authorities to leave La Coruna where the airport was shut yesterday because of the density of the smoke.

Hundreds of tonnes of detergents were being sprayed to-day by up to ten ships circling the stricken tanker in an effort to sink and disperse the oil while air force spotter planes attempted to keep track of the spillage now being affected by tides. A serious threat hangs over local beaches and more particularly the fishing industry which supplies Spain with some of its best quality sea food and especially shell fish.

Although the Province of Galicia in North Western Spain receives only a relatively small proportion of the country's total tourists it is a renowned area of natural beauty.

After the Meinhof death, **Adrian Dicks** explains why West Germans are apprehensive

Keeping an uneasy vigil

THE DEATH in prison of Frau Ulrike Meinhof last week-end has served to bring out several hundred people to demonstrate in Frankfurt, Berlin, Stuttgart, and Munich, while bomb and arson attacks on German government and business premises in France and Italy have underlined the Left-wingers' well-developed international connections. In Frankfurt, especially, the police were ill-prepared to deal with an apparently well-prepared assault with a variety of weapons including molotov cocktails, in which two officers were seriously injured.

As has usually been the case with the German radical movement, certain knowledge of who is involved, and how they are organised, is extremely hard to come by. Die Welt (an admittedly right-wing newspaper and itself a target for the left wing), reported this week that police believe that the demonstrations were led by a relatively small "hard core" of left-wingers who succeeded in turning out a larger number of less committed sympathisers. There is room for argument over whether all these people were interested in a peaceful demonstration of concern at the stringent conditions of the Baader-Meinhof trial, or whether some were spoiling for a fight.

According to Die Welt, the police believe that the hard core have set up a classic underground system of cells, consisting of between three and five members, which keep in touch with one another through elaborate networks of "cut-outs," dead letterboxes and accommodation addresses. These small groups are said to be active in a number of major cities. One movement so organised, and known as The Revolutionary Cell, is alleged by Die Welt to have its headquarters in the south-west of the country and to be directed by one of the radical lawyers excluded last year from the Baader-Meinhof defence team for suspected conspiracy with his clients. Berlin is said to be another centre of activity.

Yet it also seems clear that the police and security services have only a vague idea of who they have been dealing with, and that they have had only limited success in trying to penetrate the radicals' ranks.

If reports about the regrouping of the movement are correct, it is clear that the police will have more than a few street scuffles to contend with. On Wednesday night a bomb outside the Munich building of the American Forces Radio severely injured an off-duty lance-corporal of the Bundeswehr. The U.S. military and their installations were a favourite target of the Baader-Meinhof gang three or four years ago.

The German authorities are therefore grimly aware that a much more violent reaction to Frau Meinhof's death may yet come. Security precautions in Government buildings, airports, and some "high visibility" private companies such as Herr Axel Springer's newspaper offices, have long been strict: they are being quietly tightened even further.

Herr Springer's newspapers were a particular target for student attacks in the past. In Bonn, where over 3,000 men on the Federal frontier guard are on permanent security duties, there appeared to be even more frequent patrols than usual around potential targets this week.

Judging by the past habits of the German terrorist movement, one group of people obviously at risk are the judges and lawyers directly concerned in the Stuttgart trial and, perhaps, those involved in the Dusseldorf trial of the anarchist group which last year attacked the German Embassy in Stockholm. The president of the West Berlin Supreme Court, Herr Guenther von Drenkmann, was murdered shortly after another member of the Baader-Meinhof group, Herr Holger Meins, had died after a prison hunger strike.

A still worse scenario—though one that has been openly raised by the Federal Attorney-General, Herr Siegfried Buback—would be an international kidnapping designed to free from prison Herr Baader and his remaining comrades, or possibly the Duesseldorf group. Two known German terrorists were identified among the gang that kidnapped Ministers of the Organisation of Petroleum Exporting Countries in Vienna last year. The German police have speculated that by identifying themselves with the causes of the Palestinians and other extremist groups abroad, the Germans may now have earned the good will to support a similar stunt of their own.

Waiting in the wings, too, are the five left wing terrorists who seized the Berlin politician, Herr Peter Lorenz, last year and are now in South Yemen successfully resisting Bonn's repeated efforts to extradite them.

Whether all this is alarmism, and whether the new generation of German extremists yet have the confidence to attempt a major coup, is impossible to tell. But at any rate the authorities here believe that next time, they will be better prepared than at Munich four years ago.

It is also too soon to be sure what effect a new flare-up of radical activity might have on the forthcoming election campaign, though many people in Bonn assume that the opposition Christian Democrats would stand to benefit from their steady advocacy of a tougher stance on law and order. Chancellor Helmut Schmidt was widely admired last year for refusing to bargain with the Stockholm Embassy terror gang, yet there is still the possibility that the voters could exact a price from the lingering suspicion that the Social Democratic ranks still harbour some people with dangerously extreme views.

Within the political arena proper, the question of how to deal with radicals has remained in the forefront because of continuing efforts to draft a Bill that would screen applications for Government jobs, so as to remove those considered dangerous. Earlier this year the Bundesrat, or Federal Upper House, failed to agree on a draft. But opinion polls have confirmed that a majority of Germans feel strongly that members of extremist movements ought not to be employed in any official capacity.

In practice, anyone with known extremist views or connections has a hard time already, to the extent that serious questions of civil liberties have often been raised. A new wave of terrorism, however, will not help those who doubt the fairness and the efficacy of a heavy-handed approach to get a sympathetic hearing.

REUTER reports from Barcelona: several firebombs were hurled into the offices of a West German chemical company here early yesterday after the attackers painted wall signs saying "solidarity with Meinhof" and "German Government assassins," police said.

Firemen fought small blazes in the basement offices of the Hoescht Iberica company for more than two hours.

The fires damaged furniture in the main hall of the building but no one was hurt, police said.

Sympathisers of the Baader-Meinhof guerilla group were believed to be responsible for the attack.

German printers strike settled

By Adrian Dicks

BONN, May 13.

WEST GERMAN newspapers are expected to resume publication to-morrow, following agreement on a new wage increase for printers and compositors. Leaders of the union, IG-Druck und Papier, announced a return to work immediately.

Agreement came this afternoon at the end of a tough 2[illegible] hour negotiating session. Afterwards, IG-Druck's president, Herr Leonhard Mahlein, said the new wage contract would give his members a 6.66 per cent increase, but the employers' side claimed the increase would [illegible] little over 6 per cent.

France hit by unions' 'action day'

PARIS, May 13.

FRANCE'S major left-wing trade unions to-day staged nationwide strikes to press demands for higher wages, shorter working hours and a lowering of the retirement age. There were short power cuts and scattered stoppages affecting hospitals, coal mines, banks, public services and transport. Radio and television programmes were disrupted and rubbish was not collected in Paris.

Nato to express concern

BRUSSELS, May 13.

U.S. SECRETARY of State Dr. Kissinger and other Nato Foreign Ministers will call on the Soviet Union to stop building up its military strength, informed sources at Nato headquarters said to-day.

They said a communique to be published by the Foreign Ministers after meeting in Oslo next Thursday and Friday would express deep concern at the build-up of land, sea and air forces by the Soviet Union and its Warsaw Pact allies. The communique has been prepared by senior diplomats of the alliance's 15 member Governments, working under close supervision from their national capitals.

The sources said that the Ministers, meeting as Nato's top political body, the North Atlantic Council, will call on Warsaw Pact States to exercise restraint in building up their armed forces and in conducting their foreign policy.

Reuter

Rockefeller tours quake area

AVIANO, May 13.

THE U.S. Vice-President, Mr. Nelson Rockefeller, arrived here to-day for a tour of the earthquake-devastated Friuli region of northern Italy.

Mr. Rockefeller, making the tour at U.S. President Ford's request, landed at Aviano Air Force Base with his wife and a number of officials.

The U.S. Senate has voted immediate aid totalling $25m. for the earthquake zone. About 900 people are known to have died in the earthquake a week ago.

Reuter

U.S. troops in N. Germany

AMERICAN TROOPS will be stationed in North Germany for the first time since the end of the War, a spokesman for the U.S. European Command said yesterday in Stuttgart. Some 3,800 troops of Brigade 75 would be based at Garlstedt, near Bremerhaven, by next year, UPI reports.

Nato planners have long wanted to move some of the strong American contingent from the relatively defensible areas of southern Germany to strengthen British and other troops in the flatter and more vulnerable North German plain, our foreign staff writes. But the move has hitherto been delayed by the West German unwillingness to pay for refurbishing barracks for the American troops in the north.

COMPANY NOTICES

EUROPEAN NEWS

Second death brings protest in Pamplona

BY ROGER MATTHEWS

MADRID, May 13.

…ENS OF people were …red in the northern Spanish … of Pamplona last night …n riot police fired shots into … air and employed rubber …ets, tear-gas and baton …ges to break up a demon…tion of over 10,000 protest… at the killing of a young … during a rally of the Carlist …y on Sunday.

…second victim of Sunday's …oting died in hospital this …ning. He was hit in the …ach when gunmen from an …a-Right-wing group opened … on the Carlists as they were …roaching the summit of a …ntain to celebrate their …ual rally.

…n investigating judge in …plona yesterday asked the police to detain those responsible for the killing. The Town Council of Estella, near the mountain where the shooting took place, has unanimously announced that it will resign within a month unless those responsible are brought to justice.

The issue has become one of crucial importance for the Government and particularly for King Juan Carlos who often stated that under his monarchy all Spaniards will be equal before the law. At least two Madrid magazines and one newspaper have published a series of photographs showing a man pulling out a pistol and shooting one of the Carlists.

Rumours are also growing again of divisions within the Government

…ypriot dialogue urged

ATHENS, May 13.

…OSLAVIA AND Greece …y urged continued talks …een the Greek and Turkish …munities to settle the Cyprus …ute.

…esident Tito of Yugoslavia … Greek Prime Minister Con…tine Maramanlis said in a communique that they were concerned with the situation in Cyprus and wanted to find the quickest possible solution to secure the Mediterranean island's independence, territorial integrity, sovereignty and non-alignment.

Reuter

Political soundings begin in Finland

By Lance Keyworth

HELSINKI, May 13.

PRIME MINISTER Martti Miettunen submitted the resignation of his Government to the President at mid-day to-day. He had already announced this move last night after the Communist Ministers in the five-party Centre-Left Coalition Cabinet definitely refused to accept the proposed increase in the turnover tax rate needed to balance the 1977 budget.

President Urho Kekkonen will see the leaders of each of the five parties in turn to-day. It would be most surprising if he could persuade the Communists to change their minds. Hence, he will want to know whether the Social Democrats, Centre Party and the Swedish and Liberal People's Parties are willing to continue as a four-party Coalition.

Reuter adds: The formation of any new Coalition Government containing Social Democrats and Centre Party members is bound to be preceded by hard bargaining, with the Social Democrats insisting on curbs on Government support of agriculture, the power base of the Centre.

The Swiss franc: too strong for comfort

BY COLIN MILLHAM

THE SHARP, recent rise of the Swiss franc in the foreign exchange market may prove almost as great (though not as grave) a problem for the authorities in Berne as the fall the pound is to the British Government. During the last few years, and particularly the last couple of months, the Swiss franc has appreciated against every other major currency, including the West German mark.

Since June, 1972, after sterling was floated, the Swiss franc has doubled in value against the pound, and improved by about 50 per cent. against the U.S. dollar. The major trading partner in Switzerland is West Germany, and for the first time since over two decades the Swiss franc is now worth more than the D-mark.

Several steps have been taken in an attempt to stem the flow of foreign capital into Switzerland, including recent measures forbidding the import of foreign banknotes in excess of Sw.Frs.20,000 (£4,300) per quarter. The Swiss had already placed a 10 per cent. negative interest charge on non-resident Swiss franc deposits established since October, 1974, and at the beginning of last year a ban was placed on paying interest on foreign Swiss franc accounts. Other regulations include restrictions on forward currency sales.

The currency's strength obviously pays scant regard to Swiss industrial performance as such during the difficult past few years, which has suffered as much, if not more than, that of most Western nations as a result of the world recession. In 1975 the Swiss Gross National Product fell by 7 per cent., a much worse performance than that in most other industrialised nations. Unemployment had risen to 1.1 per cent. of the work force by February this year,

> Switzerland's deficit in the public sector has recently been described as chronic.

compared with a level of about 5 per cent. for most Common Market members, but the situation would be far worse if it were not for the fact that Swiss industry had previously employed a high number of foreign workers, many of whom have returned home.

The size of the British public sector borrowing requirement has been well publicised, and at about £12bn. this year represents a fund raising operation of £214 per head of a population of 56m. Switzerland's deficit in the public sector was recently described by the Economist Intelligence Unit as chronic. The Swiss problem may not be on quite the same scale as Mr. Denis Healey's, but a deficit of Sw.Frs.3.4bn. (£740m.) does mean a funding requirement of about £114 for each person, since Switzerland's population is only 6.5m.

Financing the deficit in Switzerland could also prove a problem since the Government's requirements may cause difficulties in the private sector if industry is to benefit fully from the expected pick up in world trade.

It is interesting to note that demand for credit from the private sector has recently been very depressed, even at the low interest rates prevailing in Switzerland compared with current rates in the U.K.

All this of course ignores Switzerland's main attractions, which are a very low inflation rate, and a continuing large payments surplus. According to the West German Economic Ministry the Swiss rate of inflation in March was the lowest of all Western industrialised nations, with consumer prices increasing by 2.5 per cent. over the same month in 1975. The effects of the recession have benefited external payments to such an extent that the record surplus on current account in 1975 may be approached this year. Thanks largely to the steep decline of imports, the trade deficit narrowed to about Sw.Frs.1.5bn. last year from a worst ever Sw.Frs.7.6bn. in 1974, while income from banking, insurance, and other service industries showed little change.

Until last year Switzerland's trade deficit had been steadily increasing, but the growing income from invisible earnings had kept the overall balance of payments in surplus. The end of the recession may cause payments to deteriorate in future years, unless invisible earnings can be increased.

> Doubts about Britain's ability to reduce inflation have made the Swiss franc appear attractive.

Switzerland's dependence on banking is well illustrated by figures in the latest edition of Green's Commodity Market Comments, which showed that the combined gross assets of the three largest Swiss banks at the end of 1975 exceeded the country's Gross National Product. From a level of Sw.Frs.5.3bn. in 1946 the combined gross assets of Union Bank of Switzerland, Swiss Bank Corporation, and Swiss Credit Bank, grew to Sw.Frs.50.9bn. in 1968, and to Sw.Frs.133.9bn. in 1975. Last year the increase of these three banks' gross assets was about 17.5 per cent., and as more and more funds from Europe and the Middle East continue to be attracted by Switzerland's financial stability the picture is unlikely to change in the immediate future.

Swiss import restrictions on the import of foreign banknotes were largely brought about by the sharp fall in value of the lira, which the Italian authorities have attempted to halt by the introduction of foreign currency restrictions.

Doubts about Britain's ability to reduce inflation have added to the pressure on sterling and made the Swiss franc appear even more attractive.

The factor that is most likely to change the situation will be the speed with which world trade picks up after the recession. Switzerland has been in an almost unique position in recent months, with a very low inflation rate and a healthy payments position, not primarily founded on the country's ability as an industrial exporter.

If confidence in world trade increases, and providing there are no more major upsets in the foreign exchange market, the flow of capital into Switzerland should ease.

OVERSEAS NEWS

Large-scale fighting erupts once more in Lebanon

BY IHSAN HIJAZI — BEIRUT, May 13.

RIVAL FACTIONS in the Lebanese conflict are engaged in another round of large-scale fighting with the aim of settling their differences on the battlefield in advance of installing Mr. Elias Sarkis as President.

The confrontation lines in the capital and the suburbs have once again erupted in extensive clashes, while battles in the mountain areas have been taking what military sources described as regular army proportions in which tanks and field artillery are being used.

Left-wing and Moslem forces, backed by units of the rebel "Lebanese Arab Army," opened what the Press to-day described as a new front in the mountains when a column moved from the Baalbeck area in the Bekaa Valley up the hills to Aioun el Siman, which is regarded as the back gate of the Christian mountain stronghold of Kesrouan.

President Suleiman Franjieh and the Christian right-wing alliance which backs him have established themselves in and around Jounieh, the port 12 miles north of here which constitutes the capital of Kesrouan.

From Aioun el Siman, the left-wingers last night shelled the Christian ski resort of Farayah, killing eight people and wounding several others. Left-wing publications to-day said left-wing forces have decided to go on the offensive to foil what they described as a consiracy by the right to invite outside powers to send troops to Lebanon.

The leftions "New Front" was said to be aimed at relieving the Rightions military pressure against left-wing positions in the Upper Maten district east of here.

The left-wing's new drive in the mountains followed a closer co-operation with the "Lebanese Arab Army" led by Lt. Ahmed Al Khatib. This army, commanded mainly by Moslem officers, had broken away from the original national army and sided with the left.

The Left have openly accused Syria of using its commando arm, Al Saiqa, to suppress groups opposed to Syrian presence here.

Reuter adds from Baghdad: Iraq has accused Syria of "flagrant intervention" in Lebanon's internal affairs and expressed concern over the deterioration of the situation there.

Guerilla warfare in Ethiopia claim EDU

BY JAMES BUXTON

AGAINST the background of deepening discontent with the present military Government in Ethiopia, a major opposition group, the Ethiopian Democratic Union (EDU), claims to be starting large scale guerilla activity in the northern provinces of the country. This is aimed at severing the Ethiopian army's lines of communication with Eritrea, where a war is being fought against the Eritrean Liberation Front (ELF) secessionist guerillas.

Reuter reports from Addis Addaba: Ethiopia's military rulers have strongly denied that they plan "Peasants" March into Eritrea, but evidence reported by usually reliable sources suggests that some major initiative is being considered against secessionist guerillas in the Red Sea Province.

The Ethiopian Democratic Union aspires to act as an umbrella group of all the many disparate forces in Ethiopia which are opposed to the Derg, the ruling council of the military Government. It claims that its strongest support is in the four provinces of Tigre, Beghemdir and Simien, Wollo and Gojjam. According to a senior representative of the EDU at present visiting London the guerilla offensive has already begun in some areas.

Resistance movements in all these provinces have been active for some time. What the EDU is now claiming is that their activities are being stepped up and co-ordinated and that there is at least an understanding with the ELF in Eritrea.

In recent months there have been reports that the Ethiopian Government has had some success in dealing with the ELF and has been able to reopen some roads in the province which were formerly closed by guerilla activity. But these are offset by authoritative reports of low morale in the Ethiopian army in Eritrea.

No Riyadh date yet

BY MICHAEL TINGAY — CAIRO, May 13.

MUCH PREPARATORY work remains to be done before the proposed summit next month in Saudi Arabia between the Syrian and Egyptian Heads of State, authoritative sources here stressed.

There was no official confirmation of any firm date for the meeting in R'yadh, following reports that President Sadat and President Assad would meet in the first half of June after the groundwork meeting between Prime Ministers Mamdouh Salem and his Syrian counterpart proposed for May 19. Mr. Sadat is due in Iran for talks with the Shah on June 12, so an earlier meet'ng in Riyadh could dovetail into his schedule.

Much will depend on what can be achieved by the two Premiers, who are meeting mainly because relations between Foreign Ministers Abdel Halim Khaddam and Ismail Fahmi are stra ned.

It would be counterproductive to play the final card of the meeting of Heads of States unless it is certain that the two leaders can agree after a prolonged period of bitterness and mistrust.

Egypt wants two things from a rapprochement with Syria, informed sources pointed out. First, that Syria should stop its open criticism of the September 1975 agreement with Israel; second, that President Assad should start moving towards a reconvening of some sort of meeting at Geneva on the Middle East peace issue.

UNCTAD deadlock over debts

By John Worrall — NAIROBI, May 13.

THE CRUCIAL question of alleviating Third World debt, now running at near $40bn., ran into very heavy weather to-day at the first meeting of the negotiating group on finance.

With the Third World countries represented by the Group of 77 on one side, and the so-called Group B of Western developed countries on the other, deadlock was reported in this first session. There was little indication how far the Western nations are prepared to go in the question of debt rescheduling, with the EEC countries maintaining a tough front against the radical demands of the developing countries, but perhaps not quite as tough as the position of the United States.

Attack on Cabinda

BY JANE BERGEROL — LUANDA, May 13.

AN ARTILLERY attack has been made "from Zaire" into Angola's Cabinda enclave a few days ago, the country's Deputy Chief of Staff claimed yesterday.

The charge, which cannot fail to have repercussions on the fragile friendly relations recently established between the two countries, is the first publicly to involve Zaire following an increase in armed activities of separatists in the enclave.

The army commander charged that "imperialism is still trying to separate Cabinda from Angola" and claimed Zaire could not respect its Cabinda accords "because it represents imperialism"

Any deterioration in relations between the two Governments would probably affect planned reopening of the Benguela railway line to Zaire, scheduled for July or August.

Meanwhile Gulf Oil has gone back into production in Cabinda, and has started building up output back to last year's average of 130,000 barrels a day. The American director of Cabinda Gulf, Mr. S. J. Anderson, told me the company is already drawing 75,000 barrels a day from the Cabinda oilfields.

Bangladesh tension

By K. K. Sharma — NEW DELHI, May 13.

RELATIONS BETWEEN India and Bangladesh took a sudden turn for the worse when Dacca's High Commissioner, Mr. Shamsur Rahman, was summoned to the External Affairs Ministry and told that his Government must prevent any violation of the international border.

Simultaneously, instructions were issued to the authorities and forces responsible for manning the Indian side of the border to prevent any crossing both "in the interest of maintaining tranquillity and order in the area."

The dramatic development comes as a surprise as Indian and Bangladesh official teams have been meeting to discuss the Farakka barrage issue which concerns sharing of the Ganges water the main bone of contention between the two countries. It was also announced a couple of days ago that an Indian goodwill mission would soon leave for Dacca.

The tension on the border which has suddenly developed is the result of a threat by the aged Bangladesh leader, Maulana Bhashani, to cross the border on May 18 and take a huge party with him to "destroy the Farakka barrage."

China and S.E. Asia: Colina MacDougall reports

Hedged bets all round

MR. LEE KUAN YEW'S talks with leaders in Peking this week are a fascinating confrontation between two kinds of Chinese, both authoritarian but each educated in a different world and motivated by different ideologies. In Mr. Lee, the Prime Minister of Singapore, the men in Peking will find a Chinese well up to their own great leaders in terms of ability and drive, while for him there is the first hand discovery of what is almost another universe, yet one inhabited by cousins to himself and his own people. The eyes of the Overseas Chinese would, particularly in Malaysia, be on him.

While the visit may not immediately result in diplomatic relations, if all goes smoothly they may in due course be established. Mr. Lee may want some kind of safeguard against intervention from Peking in the affairs of what is predominantly a Chinese city-state. Singapore has always been wary of China because of the focus Peking representation would provide for dissidents on the Left. But there is some identity of views on foreign affairs: Singapore and China apparently agree on the need for a U.S. presence in South East Asia. Singapore is China's largest trading partner in the region, and Peking for many years has already had a low-level presence there in the form of a branch of the Bank of China.

Still, Mr. Lee is hedging his bets. He has kept up a relationship with Taiwan, while the Singapore foreign minister recently made a trip to the Soviet Union. Soviet merchant fleets using Singapore have grown enormously, while the Moscow Narodny Bank which opened there two years ago has been (unsuccessfully as it turns out) involved in substantial property financing. In his talks with Peking leaders Mr. Lee is likely to avoid any denunciation of the Soviets.

Of the Association of South East Asian Nations (ASEAN) to which Singapore belongs, Malaysia, Thailand, and the Philippines have already recognised Peking. Indonesia, now a target of Peking attack for its intervention in Timor, still remains deeply suspicious of China, as it has been since the 1965 coup in which China seemed implicated. But the Chinese may see the whole ASEAN grouping as a possible buffer to the rise of Hanoi's power. In that context they must have welcomed Singapore's stern warning to Vietnam at the ASEAN summit last February to leave the ASEAN countries alone.

Since the U.S. withdrawal from Indochina last year Peking has been wooing all the countries of the area, partly to secure its southern flank, and partly to keep the Soviet Union out. On the whole, Chinese diplomacy has paid off more in those countries that used to look to Washington for support than among the Communist states, Vietnam, Laos, and Cambodia. This must be disappointing for Peking, though it is hardly surprising that the new Communist Governments should want to stay at a polite distance from their giant neighbour.

For the Chinese, the situation is fraught with difficulties. Relationships between the half-dozen countries of the South East Asian mainland are complex, and each one is performing a balancing act with the U.S., the Soviet Union, and of course China itself. Even among the ASEAN countries the attitudes are not the same; Thailand, which is in the front-line, is far warmer to Laos and Cambodia than are Singapore and Malaysia. China has had both gains and losses over the past year, and must have watched events, many of which it had no power to influence, with misgivings. Singapore in fact is at present the least of its problems.

The greatest anxiety of course, though not the most pressing one, must still be Vietnam. It is now nominally united, with a population of 45m. and plenty of military expertise. Its relatively patient attitude to re-unification with and reform in the South, as well as its concentration on economic development, may be keeping Hanoi quiet at the moment but could build it into a powerful force in future. Already Hanoi seems to have considerable influence in Laos, and is emerging as the moral leader of the insurgency movements in South East Asia, though its military profile is low.

Moreover, the Vietnamese are diversifying their allies. Besides large Soviet and lesser Chinese aid offered last year, they seem to be after assistance from the U.S. and perhaps even from Japan. In spite of their frequent attacks on the remaining U.S. military presence in Asia, they recently raised the question of the aid Dr. Henry Kissinger offered them in 1973. While such positive non-alignment might cheer the Chinese, in the long run an independent and astute Vietnam could rival them both within the region and in the Third World. When last March, the Vietnamese leader, Le Duan, supported independent Communist movements at the 25th Soviet Party Congress, the Chinese must have had mixed feelings.

Cambodia's small population and meagre development make it less of a headache than Vietnam, but it is a problem none the less, simply because it is there. Since the resignation in April of Prince Sihanouk as head of state, who felt a sense of responsibility to the Chinese because they had housed him in Peking, the tough Khmer Rouge leaders have been alone in power. They are taking Cambodia down a hard road to self-reliance and show no interest in foreign help. This handicaps both the Chinese and the Russians, though perhaps the Chinese have the edge over their rivals as they were first into Phnom Penh after the takeover last year. The Russians queered their own pitch by keeping up relations with the Lon Nol Government until the very end. At least the Chinese can be fairly sure for good historical reasons Cambodia will try to keep its relations with Vietnam correct, but less than enthusiastic.

Laos shares a border with China, and this, plus the more relaxed temper of the Pathet Lao, has induced a more open attitude to foreign help. Here the Chinese are at a disadvantage, as numerous Soviet advisers have already taken over where the Americans left off. But they are trying to catch up: in March, they invited the new Laotian Premier, Kaysone Phoumivan to Peking, rolled out the red carpet, and arranged an audience with Chairman Mao.

But Laos has already fallen somewhat under the aegis of Vietnam. In February a Lao delegation signed agreements in Hanoi, notably allowing Lao goods transit through Vietnam to the sea. The new premier, Kaysone, is half Vietnamese and studied medicine in Hanoi. Both countries, as the agreements indicated, support revolutionary movements and oppose U.S. bases in South East Asia.

Nominally the Chinese too support revolution. Yet they must be dubious about movements which are led from Hanoi. The former Thai premier Kukrit Pramoj, said last December that he believed that the guerillas in Thailand were mainly armed, trained, and directed by Vietnam. However, although the Malayan insurgents, whose activities escalated alarmingly after Malaysia established diplomatic relations with Peking in 1974, may buy Vietnamese weapons from gun-runners in Hong Kong or Bangkok, they do not apparently receive them direct from either Hanoi or Peking. In fact some experts have suggested that their renewed guerilla warfare was meant specifically to show China that they could not be turned on and off like a tap whenever it suited Peking.

> "Nominally the Chinese support revolution. Yet they must be dubious about movements which are led from Hanoi."

The most difficult balancing act in the region is Thailand's. The former premier, Kukrit, made a successful visit to Peking last year. He also tried for better relations with Laos, Vietnam and Cambodia. However, these are bedevilled by Thailand's own insurgency in the north-east, which is supplied from or through Laos. Recently it has become a two-way traffic, with unofficial Thai support given to right-wing dissidents in southern Laos.

Kukrit lost an election and his premiership, apparently because he was determined to end the entire U.S. presence in Thailand, which the Thai military did not want to lose. The Chinese probably feel some relief at the sight of the new more conventional pro-U.S. leadership in Bangkok, but the precarious situation which is likely to affect any Thai government will worry them.

And yet it is not the great-power manoeuvering or Sino-Soviet rivalry that most preoccupies the Chinese when they survey South East Asia. It is the traditional consideration that China needs a belt of calm around it. Mr. Lee is doubtless conveying to them how he sees the role of Singapore and ASEAN in the region. While they may find this marginally reassuring, it is a feather in their cap that a man who for years kept Peking influence in his own territory to the minimum has gone to China at all.

ADVERTISER'S ANNOUNCEMENT

We'll take more care of you

British airways ANNOUNCE

No. 12 Friday, May 14th, 1976

Fly the flag

It's wide-bodied comfort every time this summer

ALL-747 SERVICE FOR AUSTRALIA

May route report

BRITISH AIRWAYS will have the wide-bodied 747 flying on all its services to Australia for the first time this summer.

The airline — the biggest international operator in the world — has other major advantages over competing carriers on this busy long-distance route.

It is the only airline with direct flights from London to all four of Australia's most important cities — Sydney, Melbourne, Perth and Brisbane. Two-thirds of the population of 14 million people is concentrated in these cities.

The airline has a daily three-stop service through to Sydney — and is the fastest on four of those days.

It has fewest stops to Melbourne. And British Airways continues to be the only airline to serve Brisbane direct from London.

The extra capacity offered by British Airways' all-jumbo fleet on the route is set to cope with the increasing numbers of British executives setting out this year to tap Australia's healthy and expanding economy — due for renewed growth, according to the economists.

Business

Britain has important business links with Australia, with 500 British companies having manufacturing agreements through subsidiary companies or joint ventures with Australian manufacturers.

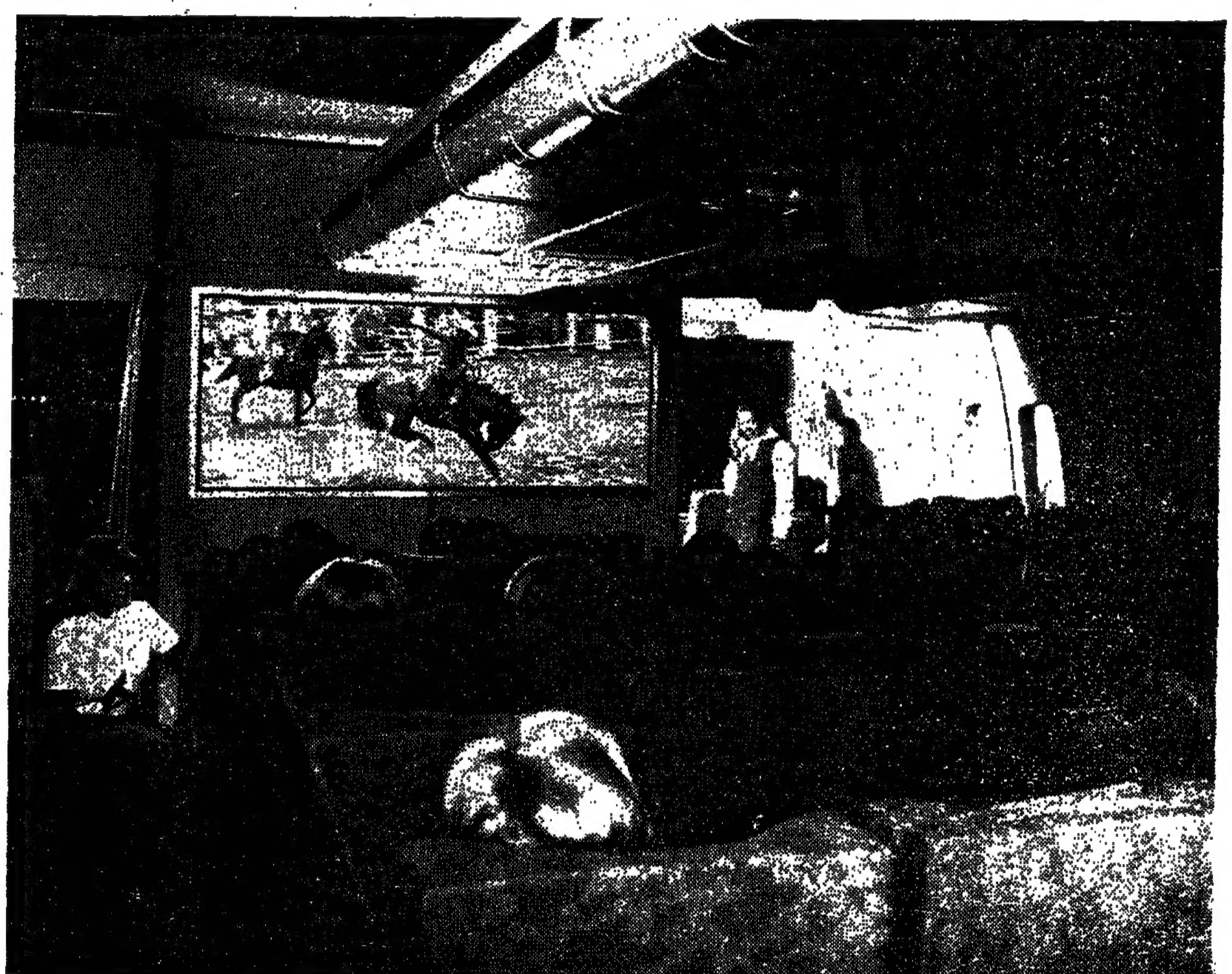
Details of British Airways' all-747 Australia services are as follows:-

SYDNEY: Departures from London are late in the day, each day of the week, to give plenty of time for connections from outside the capital.

MELBOURNE: Also a daily service, with either three or four *en route* stops only. All other airlines operating this route make more stops.

PERTH: Four services each week, with evening departures from London. Three of the flights have only two stops from London.

BRISBANE: Two services each week, once again with departures from London in the evening — the only service from Britain which means no change of aircraft.



The spacious economy class cabin of a British Airways 747. In-flight films and seven channels of audio entertainment can be enjoyed for a small extra charge.

Developments on Poundstretchers

THE low fares offered by British Airways are under constant review, and here are some of the latest developments:

LONDON to GLASGOW/EDINBURGH: A £14 one-way fare has been introduced for stand-by passengers on Saturdays and Sundays. Seats are not guaranteed but, with regular departures every two hours during the day, the chances of getting a seat are excellent. Tickets must be bought before arrival at the airport.

LONDON-BELFAST: The excursion fare (for a stay of between six days and one month) has now been extended into the summer. The new fare from July to September 30 is £40 return, and is valid for travel on Tuesday, Wednesday and Thursday only.

PARIS: A new excursion fare of £36 return has been introduced to cover travel on Saturdays and Sundays. It is not valid for a stay of more than one month.

MALTA: Advance purchase excursion fares previously available in the summer months only to groups of ten passengers are now available for individuals. This means that, by booking at least one month in advance, passengers can fly to Malta in July, August or September for as little as £74 return.

SCOTTISH INTERNAL SERVICES: A new fare has been introduced for groups of 25 or more people. It has been primarily designed for oilmen, but is available to any group.

All low fares are, of course, subject to a number of conditions. Passengers are advised to obtain full details from their British Airways shop or travel agent.

Salzburg flights start again

SALZBURG is back on the British Airways' route network. Flights from Heathrow were re-introduced last month in partnership with Austrian Airlines.

There are two flights a week from Heathrow at 1125 on Wednesday and Sunday.

● For the first time people flying with British Airways to Austria and Switzerland this summer will be able to buy combined fly-rail packages.

To Austria the travellers will receive a rail pass for unlimited travel for eight days on the state railways included in the cost of the tourist excursion fare.

● In Switzerland, the "package" will include a pass for unlimited travel on the railways and postal bus services, and big reductions on many lake steamers and mountain cable cars, all for a period of eight days. Prices start from £79.

British Airways will have a daily Trident service to Vienna from London this summer. To Switzerland there will be 21 flights each week to Zurich, 20 to Geneva and six to Basle.

In addition, there are two services which call at Zurich on their way to Nairobi, and three flights weekly between Manchester and Geneva.

Pyramid selling?

MORE and more businessmen are flying to Cairo in search of export deals. To cater for this demand, British Airways is stepping up its services during the summer months from four to five a week.

The new service will be operated by the popular, rear-engined VC10 on Thursdays during July, August and September.

VC10s also fly the existing services every Sunday, Monday, Tuesday and Friday.

Club for family get-togethers

THE eleven million people in Britain with relatives and friends in Australia are to be helped when they decide to go out to see them by a new club opened this month by British Airways and Qantas.

Called the Australian Family Reunion Club, it will smooth the whole process of booking, flying and arriving at the other end.

Membership will be open to all those with an interest in travelling to Australia, with founder membership covering husband, wife and dependant children under 21 years, costing only £1 for a year.

Advantages of club membership are many, but one of them is a scheme to help members to raise finance to meet the cost of their flights.

"Travelsaveplan," offered by Forward Trust, a subsidiary of the Midland Bank, can offer a variety of credit plans — with members getting their money back, plus interest, if they are unable to travel.

At Heathrow there will be special check-in desks, while at the four major airports in Australia — Sydney, Melbourne, Brisbane and Perth — there will be special staff to assist club members on arrival.

Club members will also be given help in obtaining visas.

Regular meetings for members will be arranged in various localities throughout Britain, while there will be a newsletter published four times each year to provide a link between the club and members, and between members themselves. Further details can be obtained from travel agents, or from the President, Australian Family Reunion Club, Clement House, 99 Aldwych, London WC2B 4JF.

Low fares

Even if you are not a club member, you can still take advantage of British Airways' Poundstretcher low fares. On the popular London/Sydney route, they start at £514 for a 21-180 day return, or £308 for a special one-way ticket (stopovers not permitted).

Holidaymakers who are visiting their friends and relatives in Australia on the 21-180 day fare and would like to see a little of the world on the way can stop over at one point for an additional charge of £23.30. British Airways offers special holidays designed to fit in with breaks of this kind.

BABS, British Airways' highly-sophisticated computerised reservation system, is making big inroads into the time it takes businessmen and other travellers to book flights, hotels and other services. Before long, BABS should be able to issue a ticket in no more than two minutes. Based on two IBM 370/168 computers, the British Airways system can already come up with alternative flights when the one asked for is fully booked, can give details of connecting services by 100 other airlines, and can 'talk' to the computers of many other airlines.

Shown above are staff at the British Airways Tokyo office preparing to link up with the BABS system.

New cash packs will solve those currency problems

BUSINESSMEN can now solve their "cash flow" problems when they fly abroad . . . thanks to British Airways.

Travellers find it difficult and sometimes impossible to buy some foreign currencies in Britain.

Then when they arrive at their destination they find they cannot pay a taxi fare or tip hotel staff . . . even though they have plenty of travellers' cheques.

Now British Airways and Deak Perera Limited, a UK subsidiary of one of the oldest groups of foreign exchange companies in the world, have got together to solve the problem . . . by introducing the "Executive Currency Packs Scheme."

Each pack contains low denomination currency of each particular country, sufficient for immediate needs.

The countries covered in the scheme include Bahrain, Colombia, Hungary, Iran, Saudi Arabia, Thailand, Turkey and Venezuela.

Most packages will contain currency worth £15, but a small number will be worth only £10.

A British Airways spokesman said: "We think these packs will be of great assistance to business travellers and remove a potential source of irritation after a long flight."

The packs can be obtained by return by sending signed travellers' cheques to Deak Perera Limited, at 18, St. Swithin's Lane, London, EC4. (Phone 01-626 0467.)

Services to Spain are improved

SERVICES to three of Spain's key business centres — Madrid, Barcelona and Valencia — have been stepped up by British Airways.

This is how the improvements have been made:

MADRID: British Airways has increased flights to this city from 12 to 15 a week, giving at least two flights every day. The wide-bodied TriStar flies two of the services, leaving Heathrow on Monday and Friday mornings. Fourteen of the 15 flights have first-class seats.

BARCELONA: A flight for this city leaves Heathrow every day, and the TriStar, which is used for the Sunday flight, now also operates on Thursday. There are first-class seats on all flights.

VALENCIA: British Airways has increased services form one to three a week — on Monday, Thursday and Sunday. Trident aircraft operate all three flights.

The airline also flies non-stop to Bilbao, Alicante, Palma, Malaga and Almeria.

For reservations and further details, see your travel agent or British Airways shop.

APPOINTMENTS

BUSINESS OPPORTUNITIES

LEGAL NOTICES

No. 001561 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CHASEMOAT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding-up of the above-named Company by the High Court of Justice was on the 3rd day of May 1976, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London, EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 14th day of June, 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41 Mark Lane,
London, EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 11th day of June, 1976.

No. 001561 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HEATHERMAIN LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding-up of the above-named Company by the High Court of Justice was on the 3rd day of May 1976, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE, of King's Beam House, 39-41, Mark Lane, London, EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 14th day of June, 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London, EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 11th day of June 1976.

COMPANY NOTICES

ARBED S.A.
Aciéries Réunies de Burbach Eich Dudelange Société Anonyme

[illegible]

Luxembourg April 28, 1976

BAYER AKTIENGESELLSCHAFT

RIGHTS OFFER TO SHAREHOLDERS

[illegible]

COMPANY NOTICES

UNILEVER N.V.

DIVIDEND ON CERTIFICATES FOR ORDINARY CAPITAL ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

[illegible]

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR
London Transfer Office
Unilever House,
Blackfriars,
London, EC4P 4BQ
12th May 1976

BODYCOTE INTERNATIONAL LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary Share Register of the Company will be CLOSED from the 18th to the 28th June inclusive.
By Order of the Board,
Connaught St. Michaels Limited,
Registrars.

LEGAL NOTICES

No. 001510 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of BERWICK BUILDERS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 3rd day of May 1976, presented to the said Court by REDLAND GRAVEL LIMITED whose registered office is situate at: Redland House, Reigate, Surrey, Builders Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 14th day of June 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his Counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
3-5 Hind Court,
Fleet Street,
London EC4A 3DS,
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 11th day of June 1976.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Telex unit for the desk

SIEMENS has unveiled in Britain its first electronic teleprinter, following the preliminary launch in Germany earlier this year.

Model 1000, it is designed to international standards and while it has not yet been subjected to Post Office approval, its *designers expect no problems in acceptance*.

Model 1000 offers many advantages over the conventional electro-mechanical teleprinter in quietness of operation and the extensive use of electronics to replace mechanical parts. The Model 1000 is so quiet—at half typewriter noise it can be used in an office—it is no longer necessary to have a separate telex room.

The use of electronics eliminates preventive maintenance and regular periodic checks and, furthermore makes for a smaller easier-to-use machine. For equal hardware cost this results in substantially lower running cost.

Conventional electro-mechanical teleprinters, after years of refinement, have probably *reached the limit of development*. Even the most modern machines need frequent maintenance checks and are too noisy for use in an office.

Development of reliable, low-cost, m.o.s. integrated circuits has allowed the noise-producing mechanism to be replaced.

The most obvious new feature of the Model 1000 is the type head. Electro-mechanical teleprinters use a combination of type bars and a print basket or metal type head to reproduce the message: a relatively slow and noisy method.

The Model 1000 has no type or decoding bars and uses an easily replaceable plastic type disc. This disc comprise 56 flexible spokes, each spoke carrying an integrally moulded character. The type disc is driven by two precision stepping motors: one to rotate it to the required character position and the other to move it across the paper.

The most radical changes are within the Model 1000. The machine's central control has seven MOS circuits mounted on a single circuit board. Also included on this board are the *transmitting and receiving circuits* necessary for the control of these functions. Ancillary units, such as answer-back, line matching circuits and the keyboard, are connected to the control unit by flat-cable wiring and multi-way connections. Interface circuits for connecting paper tape attachments are also included. In the variant unit, the use of strappings and diodes allows more than 50 pre-programmed additional functions to be incorporated, for example the suppression of certain characters, paper alarms and the detection of character sequences.

There are no figures available on the total cost of the project. But it has involved extensive development of special integrated circuits and the construction of a completely new factory in Berlin. By the end of the year some 500 of the new units will have been built and it is intended thereafter to step up the rate till it reaches about 60,000 a year by the end of the decade. Meanwhile, electro-mechanical equipment will slowly be phased out.

Siemens, Great West House, Great West Road, Brentford, Midds., TW8 9DG (01-568 9133).

● DATA PROCESSING

More power for big B machines

CONTINUING its policy of adding new technology to existing equipment, Burroughs has announced four more powerful models of its large-scale B 7700 computers.

A high-density, high-speed main memory subsystem employs the new Burroughs Current Mode Logic (BCML), and metal oxide silicon (MOS) integrated circuitry. This compact reduces memory floor space requirements by up to 60 per cent. and memory control power consumption has been reduced by 50 per cent.

Input/output module contains larger buffers and a throughput scheduler which greatly increases central processor and data transfer efficiency.

A data communications subsystem incorporates larger memory, handles higher speed data links, and can function autonomously, enabling uninterrupted network operation.

Up to 35 per cent. better throughput is claimed. Multiple central processors, input/output processors and memory modules may be combined in a variety of ways in balancing the system to a user's needs. As processing requirements expand, additional central processors and input/output processors can be added on site to any of the B 7700 models. Each system can be expanded to a maximum of eight processing units utilising any combination of central or input/output processors.

Object code compatibility with currently installed B7700 systems and B6700 systems provides "instant maturity" for all system software and "instant transfer" of user application programmes, the company asserts.

Purchase prices for the new systems range from £1,612,000 for an entry level system with minimum peripherals to £5,600,000 for a very large system. Comparable monthly lease prices range from £35,000 to £125,000.

Emphasis on commerce

IN WHAT is best described as a careful marketing re-orientation rather than a new product announcement, Computer Technology has moved towards gaining a larger share of the commercial "midi" market with the announcement of Series 8000, a hardware and software enhancement of its well known Modular One range.

Main object is to move away from the "scientific" computing image mainly associated with Modular One by providing three "8000" models between £15,000 and £150,000.

At the bottom end is the 8010 with a processor offering 16 kbytes of MOS store enhanceable to 112 kbytes, a system console and a ROM load facility for initial system loading from paper tape or cards.

The 8030 is a compact disc-based system providing one or more virtual machines at a number of user terminals, with prices from £25,000 to about £65,000. A basic system would include 56 kbytes of MOS store, disc controller supporting both cartridge and exchangeable disc drives, system console and paper tape reader.

Largest machine, the 8050, has an extended address range to 400 kbytes, store access interleaving peripheral direct store links and optional floating point unit. A typical 8050, at about £75,000 would be a multi-terminal system with 160 kbytes of store (core rather than solid state) and 48 megabytes of exchangeable disc. More on Hemel Hempstead 3372.

Enhanced business system

A FOURTH machine has been added to the range of Basic/Four business machines by Flexidata, the model 600, offering more speed, capacity and communications ability.

Small users are provided with the power and facilities of a real-time multiprogramming computer. Larger organisations, by installing the 600 at remote locations, can use the system for local processing and for communicating to and from a mainframe machine.

Up to four disc drives provide a total capacity of 48 megabytes and an intelligent disc controller with microprogrammed processor gives greater throughput. Up to 64 kilobytes of core store can be provided. Programming is in Basic 2. Up to eight VDUs can be supported within a single system.

The minimum configuration of the 600 is 13k bytes of user store, one VDU, a 12m. byte disc unit, 165 ch/sec printer, synchronous communications, and the BOSS 2 operating system—at a price of £33,000. Euston Centre, Euston Road, London NW1 3BL (01-388 1944).

● HANDLING

Adjustable pallet

FOR CARRYING steel coils up to a maximum diameter of six feet, an adjustable steel pallet weighing 4½ cwt. has been developed by Winn Boughton, Bell Lane, Amersham, Bucks.

The pallet enables steel coils to be carried on a standard flat-bed vehicle, instead of a specially built transporter, and leaves the vehicle free for other duties when not carrying coils.

For additional security, a high strength Aeroquip harness webbing, passed through the centre of the coil, is locked on to the main chassis frame. Empty pallets can be stacked.

Tower crane builds itself

THE FIRST Canadian built GCI mobile hydraulic self-erecting crane imported into the U.K. is available on hire from G. W. Sparrow and Sons, Lower Bristol Road, Bath BA2 9ET (0225 21201).

It consists of a telescopic boom on top of a telescoping lattice mast, built as a self-contained unit capable of normal road travel between sites.

With the outriggers set, the main mast is hydraulically raised *from its horizontal travelling* position to the vertical position, and telescopes up to working height.

A lift height of 77 metres can be reached in 45 minutes, and the company says this is the only telescopic crane offering a boom height of 43 metres with the boom in the horizontal position.

The crane is capable of lifting a maximum load of 27 tonnes.

● MATERIALS

Glass fibre cement association

A NEW association has been formed of companies, professional practices and individuals within the U.K. who have an active interest in the manufacture, supply or use of glass fibre reinforced cement (GRC).

Principal aims of the association are to establish detailed guidelines and act jointly to ensure progressive and controlled development of this important new material. In these aims the association has the full support of the industry's raw materials suppliers.

GRCA, Farthings End, Dukes Ride, Gerrards Cross, Bucks, SL9 7LD (Gerrards Cross 82606).

● CONFERENCES

Subsurface surveying

A SERIES of one-day seminars on the theory and practice of electronic subsurface surveying is being organised by Electrolocation, the Rotork group company of Bristol.

Participation is by invitation and is free to anyone whose profession or job has a bona fide connection with civil engineering design or contracting work.

The seminars are held at about monthly intervals and there are two distinct types: one dealing broadly with sub-surface surveys —such as their impact on economies and design performance, existing methods and records, new responsibilities under the Health and Safety at Works Act. The other is more concerned *with the instrumentation and* techniques for detecting buried pipes, cables and drains. Attendance is limited to about 15 visitors on each occasion.

Anyone wishing to participate should write to: Electrolocation, 129 South Liberty Lane, Bristol BS3 2SZ.

● AGRICULTURE

Herbicide for use in water

AQUALIN, an aquatic herbicide has received clearance under the Pesticides Safety Precautions Scheme for use in static and flowing water moving at a rate of up to 500 metres per hour. Aqualin is easy to apply and does not prevent the immediate use of the water for irrigation, as is the case with other materials currently available.

The new herbicide contains 10 per cent. of the active ingredient cyanatryn and has been specifically developed by Shell Chemicals U.K. Agricultural Division in the form of slow-release pellets. The sole distributor of Aqualin in Britain is Burts and Harvey, Crabtree Manor, Belvedere, Kent.

In addition to controlling submersed aquatic weed, Aqualin also controls filamentous algae (cott and blanket weeds) which can be extremely troublesome in blocking pump screens, especially on pumps controlled automatically.

● ELECTRONICS

Low cost high speed testing

APPLIED DIGITAL Devices, Welwyn Garden City, to-day mainly concerned with the design and manufacture of custom-built automatic test equipment, has opened a test facility in which the intention is to offer fast turn-round and repair of boards, mainly hybrid and analogue.

One objective is to cope with manufacturers' boards that have proved unsuitable, technically or economically, for in-house testing.

In addition, however, the company says it has detected some inability in big company test departments to cope with their own work load quickly enough, often because of staff run-down resulting from the economic situation.

According to managing director John Edser, his band of eight skilled technicians supported by up-to-date test equipment (mainly manual) can test customers' boards up to four times quicker than can be done in house "and at a fraction of the cost."

The unit can meet the documentation and other needs associated with military grade testing likely to be required by manufacturers working in this area. 36, Tewin Road, Welwyn, Herts (Welwyn 33491).

● POLLUTION

Moulded gas scrubbers

GLASSFIBRE reinforced polyester resin gas scrubbers with capacities of 5,000 to 60,000 cu.ft./min., have been introduced for chemical processing, metal treatment and fertiliser plant.

Scrubbing units, ducts, settlement tanks and exhaust stacks are moulded with Beetle abrasion —and chemical-resistant resin by Garlway, Cranswick, Driffield, North Humberside YO25 9QY (037755 537).

The scrubbing units can accept gases at temperatures up to 120 deg. C and velocities up to 5 ft./sec. Flue diameters can vary from 1 to 12 ft., and they can be erected in stacks up to 330 ft. high.

Garlway, which also installs the scrubbers, claims that they are as durable, but cheaper, than stainless steel versions, and will clean gases to any required standard.

The resin is supplied by British Industrial Plastics, Oldbury (021-552 1551), a Turner and Newall company.

هكذا من الأصل

HOME NEWS

Stop political taxes on enterprise, urges Howe

BY RAY PERMAN, SCOTTISH CORRESPONDENT, IN PERTH

THE TAX burden must be shifted away from those earning the rewards of enterprise and hard work to those who spend and can afford to spend, Sir Geoffrey Howe, Shadow Chancellor, told the Scottish Conservative Party conference in Perth yesterday.

A Conservative administration would substantially reduce the rates of "political" taxes, such as Capital Transfer Tax, Sir Geoffrey said:

These were designed not to raise revenue but to serve the socialist god of equality, and to ease the bougeois guilt of members of the cabinet who were well provided with town and country homes and felt they had to take it out on everybody else.

Reducing the confiscatory rates of income tax and CTT had a particular attraction as in the short run it would involve only very small loss of revenue and after a few months increase it.

The Tories would seek to apply this principle throughout the tax system, although until Mr. Healey's "monstrous Budget deficit" was under control it would take time to put into effect.

"Surely it's barmy to tax a man who has built up his own business, and seeks only to hand it on to his sons who have been helping him to build it up, in such a way that the business is clobbered out of independent existence?

"It's barmy to tax an experienced manager, or a skilled scientist or engineer, so that he can be left with only 17p in the pound and is driven in despair to look for a job in Europe, or America or even in the Middle East.

"It is barmy to tax a man who is drawing income from money that he has ploughed back into his own business so that from every pound that he receives only 2p may be left for him to spend."

A tax system which no longer commanded the respect of the citizen was a system in danger, Sir Geoffrey warned.

He also attacked the proposals to increase the powers of tax inspectors. "If the law is going to go that far, then the people are surely going to rise in anger."

Mr. Francis Pym, Shadow Agriculture Minister, said that farming was particularly vulnerable to capital taxation. The Government had made some concessions in the Budget to farmers but the curse of CTT was that it discouraged expansion which added value to farmland.

Land improvement, re-seeding, new building and forestry could all become liabilities to those who had invested.

"After all that has happened in taxation we have to be wary of any instant changes in its structure, but the Conservative Party pledges the end of CTT and its replacement by a fairer pattern of capital tax into which the special circumstances of agriculture must fit."

Nothing could prevent the price of food going up. The fall in the value of sterling was bound to increase the cost of imported food, which meant nearly half our needs.

Mr. Alick Buchanan-Smith, the Shadow Secretary of State for Scotland, criticised the Government's record on unemployment.

It made no sense to hobble offshore oil—Scotland's growth industry—with increasing State interference and participation. Nor to spend £4bn. on further nationalisation when the Scottish Development Agency would get only £40m. a year.

Industry must be allowed to keep more of its money to invest in its own future.

British Leyland buys Searle

By Kenneth Gooding, Industrial Correspondent

[T]HE rapid build-up of British [Ley]land's special products divi[sion]—its engineering arm—con[tinu]ed yesterday with the [acqu]isition for £3.8m. cash of [Sear]le Manufacturing Company, [a] Hall-Thermotank subsidiary.

[Th]is is the fourth significant [pur]chase by Special Products [sinc]e Leyland came under the [Nati]onal Enterprise Board in [Nov]ember.

[It] paid £2.4m. cash for the [asse]ts of Marshall-Fowler, agri[cult]ural and construction equip[men]t concern, £500,000 for [Ro]finer Refrigeration and Air [Con]ditioning and £500,000 for the [asse]ts of Joshua Shaw and Sons, [whic]h makes side-loading lift [truc]ks.

[Ap]proval

[Th]e latest acquisition has been [fund]ed entirely from Special [Pro]ducts' resources—that is none [of t]he State cash injected into [the] Leyland group was used—[and] was approved by both the [Nat]ional Enterprise Board and [the] Department of Industry.

[It] also seems to throw some [ligh]t on the activity surrounding [the] Hall-Thermotank share price [earl]ier this year.

[P] & O, which owns 33 per cent. [of] Hall-Thermotank, said that it [was] a seller at the right price [and] Sir Iain Stewart, Hall-[The]rmotank chairman, disclosed [tha]t talks were going on and a [nu]mber of approaches had been [ma]de."

[A]fter last night's news Hall-[The]rmotank shares ended 1p up [at] 76p, valuing the company at [abo]ut £10m.

[C]ertainly Hall-Thermotank [op]erations would have fitted [we]ll with those of Prestcold, [the] biggest company within [Sp]ecial Products, but whether [the] National Enterprise Board [wo]uld have given approval for [a] full bid for Hall-Thermotank [see]ms doubtful.

[P]rospects

In any case, the acquisition [of] Searle leads Prestcold to [cla]im it is Britain's largest [m]anufacturers of heat ex[ch]angers for the commercial [re]frigeration and air-condition[in]g industries.

Mr. Denis Field, managing [di]rector of Prestcold, said: "Our [lo]ng-term plans included a sub[st]antial capital investment for a [m]anufacturing facility like the [on]e Searle owns."

[I]t is understood that Special [Pro]ducts had allocated £4m. to [be] spent on a green-field site [in] 1980-81 for the manufacture [of] heat exchangers.

The £3.8m. price for Searle is [ap]proximately equal to the com[pa]ny's net assets which include [ca]sh balances of £1.3m.

Searle's manufacturing facili[tie]s are on a 21-acre site at [Fa]reham, Hants., 36 miles from [Pr]estcold headquarters at [Th]eale, Berks. Most of the facili[tie]s have been put up during the [las]t 15 years.

The 550 employees were told [by] Special Products chief execu[tiv]e Mr. David Abel yesterday [tha]t job prospects at the Fare[ha]m plant—as well as those of [Pr]estcold at Theale and Glasgow [—h]ad been enhanced by the [gr]eater sales opportunities [cre]ated by the acquisition and [the]re would not be redundancies.

MP calls for laws to protect money paid to estate agents

BY QUENTIN GUIRDHAM, PROPERTY CORRESPONDENT

AFTER the Lords decision that a house purchaser, rather than the seller, had to bear the loss if a dishonest estate agent stole the deposit, Mr. Jack Ashley MP (Lab., Stoke-on-Trent S) called yesterday for legislation to safeguard money paid to estate agents by house buyers.

He wrote to Mrs. Shirley Williams, Paymaster General and Prices and Consumer Protection Secretary, that it was "time to end the scandalous situation in which any crook or shyster can call himself an estate agent and rob innocent house buyers."

Mr. Ashley urged the introduction of a licensing system for agents, a consultative document on which has been issued by the department. Any new legislation should include heavy penalties for unqualified agents who exploit house buyers.

Interest on deposits should no longer be kept by estate agents or solicitors with whom money was lodged.

"It has been estimated that solicitors who hold monies for clients of all kinds receive no less than £15m. a year.

"Estate agents are in a similar position and have a responsibility to repay clients the interest on monies held for them."

Prince Philip to launch sports week

PRINCE PHILIP will launch a national Sport for All Week on Sunday, September 12.

The official opening will be immediately followed by a series of events involving more than 1,000 sportsmen and women at centres throughout the country including London, Leeds, Merseyside, Nottingham, Norwich, Birmingham, Bath, Oxford and Tyneside.

During the week—the idea of Sports Council members Jimmy Hill, TV presenter, and Alan Pascoe, Olympic hurdler—events and displays will be staged to spotlight the importance of sport to the nation and the need for sustained investment in facilities at a time of economy cuts.

More than 60 national sports governing bodies, nine Regional Sports Councils in England, 400 local sports councils in towns throughout England, hundreds of local authority recreation departments, sports clubs and commercial organisations will take an active part.

Computer hardware further in the red

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

IN CONTRAST with several other sectors of the electronics industry, the trade in computer hardware went further into the red last year.

In spite of a 14 per cent. increase in exports to £240m., the deficit was up by more than 4 per cent. to £143m., according to official figures from the Department of Industry.

In exports there was a significant shift from central processors and systems to peripheral equipment. Exports of central processing units and systems fell by 5 per cent. to £60m., while those of peripherals (discs, magnetic tape equipment, terminals and so on) rose by nearly 20 per cent. to about £116m.

Of the £383m. import total, machines, including systems, and "units" both rose by 20 per cent., while "parts," the largest single sector, rose only marginally.

Evaluation of the figures is hindered by the vagueness of definition, the uncertain amount of re-exports, and by differences in assessing price levels. But it is significant that computer trade remained deep in the red, when several other sectors of electronics and electrical engineering moved back into the black.

Home market sales of central processors and systems was roughly stagnant at £125m., but peripherals and data transmission equipment increased strongly. The industry's total of sales and work done was up by 17.5 per cent.

State oil policy 'threat to majors'

By Ray Dafter, Energy Correspondent

OIL COMPANIES with large production and marketing interests in the U.K. could find their businesses undermined by Government North Sea oil policies, Sir Frank McFadzean, retiring chairman of Shell Transport and Trading said yesterday.

Uncertainties about State participation and possible "downstream" activities of the British National Oil Corporation could lead to a cut in offshore investment, he said after the company's annual meeting in London.

Companies, such as Shell, could find inducements to invest being diminished.

The Royal Dutch Shell Group plans to spend about £200m. in the North Sea this year as part of a record £1.7bn. worldwide expenditure programme. The U.K. offshore sector accounts for the group's largest concentration of investment outside North America.

Shell, like its exploration partner, Esso, is uneasy about the Government's state participation proposals.

Mr. Peter Baxendell, chairman of Shell U.K. and a group managing director, said that the Government's new participation terms, involving BNOC taking an option on 51 per cent. of oil production, favoured companies without major marketing and refining systems in the U.K. For them it was a relatively "easy way out."

Decline

The majors, on the other hand, could find themselves unable to meet their U.K. marketing commitment. They might have to sell 51 per cent. of their produced North Sea oil to BNOC which, in turn, could enter the refining and marketing businesses. BNOC would have a major commercial advantage, able to call on over 1m. barrels a day of North Sea oil supplies, said Mr. Baxendell.

Consequently, Shell has so far refrained from accepting the principle of participation. It has had only informal talks with the Government. It remains to be seen whether it will be penalised in the next round of offshore exploration licences, as hinted by Ministers and Department of Energy officials.

Mr. Baxendell said that he hoped that Shell would be judged on its past record of investment and technological achievements.

The Anglo-Dutch group, of which Shell Transport and Trading is the British end, improved its net income in the first quarter to £284m. compared with £268m. in the corresponding three months last year.

These figures are calculated on a new basis to take account of a new U.S. accounting standard.

With the rapid decline of sterling in the latter part of the first quarter of this year, the change in accounting policy gave rise to a net reduction in income of £85m., the bulk of which would have been deferred for future amortisation under the previous system.

Lex back page; Company report Page 29

Docks Board profits increase by £12.5m.

BY ARTHUR SMITH

THE STATE-OWNED British Transport Docks Board increased profits to £12.5m. last year, despite the slump in world trade.

Sir Humphrey Browne, the chairman, announcing the results in London yesterday was optimistic about the outlook for the current year. "We are riding high despite the depression in trade," he said.

The undertaking had made "a very good start" to 1976 and its 19 ports were winning new traffic.

Port charges, which increased revenue by about 15 per cent. last year and by 10 per cent. from March, would not be raised for at least the rest of the year.

The Board was determined to press ahead with its agreed £5.24m. takeover of the private enterprise Felixstowe Dock Company.

While the Board has been promoting a Bill to get Parliamentary approval for the acquisition, European Ferries has moved in with a higher bid to acquire the shares.

But Sir Humphrey said that, in addition to the shares, European Ferries had also bought an agreement to aid his Board in the promotion of the Bill. "I hope the sanctity of agreements will not be forgotten."

If Royal Assent to the Bill is granted by November 15, ownership of Felixstowe will pass to the Docks Board. Sir Humphrey was confident that the legislative timetable would be met.

The Board's 1975 report discloses a surplus of £12.5m. and a return on capital of 8 per cent., compared with £12.12m. and 7.8 per cent. in 1974.

After interest payment of £6.7m. and transferring £4.4m. to reserves to cover replacement cost depreciation, a net surplus of £1.7m. remained.

Sir Humphrey said that, by referring to the retail price index to calculate replacement depreciation, the Board was almost unique among the nationalised industries and within the port industry in adopting a form of inflation accounting.

Within the overall results, profits at individual ports varied considerably from the pattern of previous years. The South Wales ports incurred a deficit of about £300,000 largely because of reduced traffic in steel and timber.

Some of the smaller ports, particularly Garston, which turned round a £137,000 loss into a £285,000 profit, made significant improvements.

Southampton, which Sir Humphrey described as "the port of the future," remained profitable and is expected to show further growth.

The Board's ports handled a total of 77.3m. tonnes last year compared with 84.8m. tonnes during 1975. The drop reflected the recession in world trade.

But, in spite of the very difficult conditions which prevailed, the Board was successful in maintaining its improved share of U.K. seaborne traffics, the report says.

Steel industry takes heart from bigger output, consumption

BY ADRIAN HAMILTON

FIRM EVIDENCE of a gradually strengthening upturn in the U.K. steel market was provided yesterday by the latest figures for production and consumption released by the steel industry and the Government.

The figures show that the revival in activity is still slow and patchy with a continued reduction in consumer stocks and a total production figure well short of the peak levels reached two years ago.

They are marked enough, however, to give the industry the feeling that the upturn has come at last and to raise fears among some consumers that there could be shortages as the revival gathers pace.

According to the April production figures published jointly by the British Steel Corporation (BSC) and the British Independent Steel Producers' Association (BISPA), total steel production during the month averaged some 457,000 tonnes a week.

This marked a rise of 1.5 per cent. on the March figure and effectively brought back output levels to those reached early last year before demand nose-dived.

Statistics published by the Department of Industry, meanwhile, show that final consumption during the first quarter of the year experienced a sharp rise of nearly 5.7 per cent. on the previous quarter to a level of 3.98m. tonnes seasonally adjusted.

This again was the highest level since the first quarter of last year and, while less than the levels of nearly 5m. tonnes reached during peak quarters of 1974, represents a surprisingly rapid improvement on the end of last year.

What still remains uncertain is how rapidly the recovery will now gather pace and what kind of supply problems may be encountered.

The two crucial elements in this will be stock levels and the growth in final consumption—neither of which can be read clearly at present.

Yesterday's figures from the Department of Industry show a continuing fall in total stocks held by consumers and stockholders of 130,000 tonnes on the quarter, despite a small rise of 20,000 tonnes in stocks held by stockholders.

At a level of 4.38m. tonnes, combined stocks still represent an historically high average of some 19 weeks' supply against consumption rates and could still be brought down further.

Recent evidence in the market, on the other hand, gives rise to the hope that stock levels are now being held by consumers.

British Debt listing suspended

BY JAMES McDONALD

THE LISTING of British Debt Services on the London Stock Exchange has been suspended temporarily at the company's request, "pending clarification of its financial position," the company said yesterday.

The Board stated that over the last two years strenuous efforts had been made to return the company to profitability and that important economies had been made.

"Detailed negotiations are taking place which, if successful, will result in a full return to profitability."

Merger

The company said in November that pre-tax loss for the year to June 28 had been reduced to £564,281 (£657,649).

It is understood that merger negotiations with another company in the same area of business are under way.

No dividend was paid last year on the £200,000 of issued 10p Ordinary shares. When dealings in the stock were suspended it stood at 8p—a rate which has been more or less static for some time.

Commuting by car to London falls 3%

THE NUMBER of motorists commuting to Central London has dropped for the first time in more than a decade.

A report to the Greater London Council transport committee says that in the two years to the end of December the number of people driving into Central London in peak hours dropped by 3 per cent. This marks the first reverse in a rising trend from 1962.

The GLC believes that the reduction in parking places, higher charges and increases in the price of petrol are contributing to its aim of keeping the all-day commuter out of the central area.

"The decrease is highly significant and represents about 12,000 vehicle miles a day," said Mr. Jim Daly, the transport committee chairman.

Traffic flows in London were now 1.5 per cent. below the 1973 level and 5 per cent. below what they would have been if the pre-1974 upward trend had continued.

Safety awards offer £500 to employees

THE FIRST British safety award scheme to promote co-operation between workers and employers has been launched at World Safe '76, the international safety exhibition and conference.

Nine £500 annual prizes will be awarded regionally to employee representatives who make an outstanding contribution to safety at work.

Bland Payne (U.K.), the insurance broker, will finance the awards. Entrants will be put forward by their employers.

New consumer head named

MR. CHRISTOPHER ZEALLEY is to take over as chairman of the Council of the Consumers' Association. He succeeds Mrs. Jenifer Jenkins who is leaving after 14 years to concentrate on her other commitments.

Mr. Zealley has been a member of the association's council since 1974. He is also director of the Dartington Hall Trust and chairman of Social Audit.

Men and Matters, Page 22

Massey Ferguson aims at Europe

BY KEVIN DONE, INDUSTRIAL STAFF

[M]ASSEY FERGUSON, the [Can]adian multi-national, yester[day] announced a new range of [trac]tors for the European market [as] part of a £17m. investment [pro]gramme.

[T]he range, comprising four [trac]tors, to be known as the 500 [ser]ies, will initially be for sale [in] the U.K. It will be shown on [the] Continent for the first time [on] Wednesday in Munich.

[T]he four range from 47 h.p. [to] 75 h.p. and replace the exist[ing] models Massey Ferguson [mak]es in Britain.

Massey Ferguson, which claims [..] per cent. of the U.K. farm [tra]ctor market, says that the 500 [ser]ies will allow the operator of [an] everyday workhorse tractor [the] kind of conditions which pre[vio]usly have been available only [on] big machines.

[F]rom June 1 all tractors sold [in] the U.K., with certain very [nar]row categories of exemption, [mu]st comply with new legislation on noise levels, which makes it illegal for tractor drivers to be subjected to more than 90 decibels (A).

The main feature of the new range is a specially designed cab which has been developed as an integral part of the basic tractor design.

The machines will be made at Massey Ferguson's Coventry plant, said to be the largest tractor factory in the Western world, and will be powered by Perkins' engines built at Peterborough.

After the introduction of the new noise legislation it will still be permissible to operate a tractor without a cab inside low buildings, and a light 45 hp tractor with a detachable safety cab will still be available for farmers and growers with specialised requirements.

Prices for the 500 series tractors will range from £4,100 to £5,578.

TV manufacturers urged to end redundancies

RADIO AND television manufacturers must ensure that the massive redundancies which have hit production in the past two years are ended, Lord Thorneycroft said yesterday.

During the past 21 months more than 38,000 people had lost their jobs in the industry, Lord Thorneycroft, president of the British Radio Equipment Manufacturers' Association, told its annual meeting in London.

"Whatever we do we must ensure there is no repetition of these massive industry redundancies."

The Chancellor's cut in the rate of VAT on electrical goods meant there was now a situation where the market for electronic goods should be governed by normal forces.

"If and when a recovery occurs we can expect a very gradual improvement in the situation, but there has certainly been no marked improvement following this reduction.

"Whether or not we shall see any major change in consumer spending during the current year depends largely on the success of the Government's economic policy."

Lord Thorneycroft described last year as one of the most difficult the industry had experienced. Turnover had fallen from £337m. in 1974 at ex-works values to £292m.

The introduction in the April, 1975, Budget of a 25 per cent. VAT rate on electronic products had been catastrophic.

The industry—producing 2.4m. colour televisions in 1973 — had been forced to operate at about 50 per cent. of capacity, but there was certainly now considerable scope for healthy growth in this market.

Storm claim costs may top £36m.

By Eric Short

THE DAMAGE caused by the severe storms in Britain at the beginning of January cost Royal Insurance £5m.

The figure, which came to light yesterday with the group's first-quarter results, must mean that the original estimate of the total damage given by the British Insurance Association at the time of the storms of between £10m. and £20m. is a serious under-estimate.

The association said yesterday that it was not able to give a figure for damage. Claims were still coming in, but the total would be well above £20m. and the total claims could turn out to be the largest experienced by British insurance in the U.K., exceeding the cost of the Flixborough explosion which amounted to £36m.

Crown Agents still talking on dollar premium cost

BY MICHAEL BLANDEN

THE CROWN Agents still are discussing with the Bank of England over the possibility that they may have to meet a cost of about £3.25m. to cover the dollar premium on past transactions.

Mr. John Cuckney, chairman, said yesterday that nothing new had happened since the problem was disclosed in the agents' 1974 annual report.

The problem has arisen over a difference of interpretation relating to past transactions of the agents. Under the terms of the White Paper published last month the Crown Agents, which handle investments and purchasing for a large number of overseas governments, are to be established as a public corporation.

In the past there has been a lack of clarity over the status of the agents and their activities which appears to have contributed to the difference of opinion.

Accountancy call on standards

BY MICHAEL LAFFERTY

EINDHOVEN, May 13.

ACCOUNTANCY bodies must apply sanctions against members who fall below recognised standards or the profession will not attain the level which the public is entitled to expect, it was said here to-day. If professional bodies did not do so, governments would step in and take responsibility for standards.

The warning was delivered by Sir Harry Benson in his capacity as chairman of the International Accounting Standards Committee, the body responsible for developing international accounting standards.

His remarks came at a time when the British accountancy profession is under growing criticism in the wake of the London and County affair over its failure and lack of procedure for enforcing accounting and auditing standards.

The profession spent an immense amount of time deciding what ought to be done—in training students, in research, in seminars, courses and other means of increasing knowledge and understanding of members, Sir Henry told an international accounts conference.

What it did not do, was to satisfy itself sufficiently that members applied the right professional standards in the conduct of daily business.

"I know from bitter experience in many countries of the world that financial statements are signed and published which ought not to be issued. But disciplinary action is seldom taken."

Unless the profession acted decisively in the matter the freedom and independence of accounts as professional men would be imperilled.

Sir Henry was instrumental several years ago in the decision of the Institute of Chartered Accountants to form a professional standards committee. Although the committee originally was conceived as an influential enforcement body, it has always been starved of resources, with the result that it has had little impact on companies.

The institute recently said that it was recruiting another member of staff for the committee and Touche Ross, the City accounting firm, has offered the institute the free services of one of its own accountants for this work.

However, when all this is taken into account, the committee still will have a secretariat of only three or four and its operations are likely to be restricted to odd cases brought to its attention by other institute committees.

British accountancy bodies have yet to discipline one chartered accountant finance director or auditor for failing to comply with accounting or auditing standards. Until the profession gains the courage to grasp this nettle, many accountants fear that it is in danger of having standards enforced by a government agency such as the Security and Exchange Commission in the U.S.

Societies' lending cuts plan worries builders

[PR]OPOSED CUTS in lending by [bu]ilding societies might have a [dis]ruptive effect on the housing [ma]rket, Mr. Robert Willan, presi[de]nt of the National Federation [of] Building Trades Employers, [sai]d yesterday.

[B]uilders are concerned about [the] effect on their industry of [the] proposals, and the House [Bu]ilders' Federation has sug[ges]ted talks involving the federa[tio]n, the Building Societies [As]sociation and the Government.

[M]r. Willan, speaking at a [bu]ilding society lunch in Stoke-[on-]Trent, confessed alarm at the [pr]oposed cuts in new commit[me]nts by building societies.

[H]e said the building societies' [fea]rs of a house-price explosion [of] 1971-73 proportions were unfounded. There was no sign of that.

Prices were rising at an average of no more than 1 per cent. a month in the first quarter of this year, possibly less.

Would-be owner-occupiers would be affected by an artificial restriction on mortgages, coupled with the increasing severity of the counter-inflation policy.

People, especially young first-time home-buyers, were finding it increasingly difficult to take on the financial commitment of a mortgage.

The private house-building industry, while maintaining its steady recovery from the trough of 1974, was still working at barely three-quarters capacity.

Channel Island stockbrokers sue agent

THE CHANNEL Island stockbroking firm of Trevor Matthews and Carey began a damages action for £37,498 in Guernsey's Royal Court yesterday against Mr. Philip Edward Owens, an estate agent in St. Peter Port.

The claim arose from alleged breach of contract by Mr. Owens over a share purchase involving an original amount of £286,623. Later the firm sold the shares for £199,125 and claimed the balance of £87,498 from Mr. Owens. The court was told it had already secured £50,000 through a previous court action.

Mr. Owens, who elected to defend himself, denied owing the money and asked successfully for the case to be placed on the pleading list for defences to be filed. He said that police were making inquiries into some of the circumstances.

CBI survey

THE CONFEDERATION of British Industry's survey on employee attitudes, reported yesterday, was carried out by Robert Worcester of Market and Opinion Research International.

FINANCIAL TIMES REPORT
Friday May 14 1976

TIMBER

The timber trade is confident that it is starting to recover from the depressed conditions of the last two years. But it will be some time before sales again climb to the levels reached in 1973.

Coming out of the wood

IT IS hoped that 1976 will be a year of recovery for the *timber trade industry*. However, few people are expecting boom conditions to develop. Some prices have already moved up sharply to 50 per cent. above last year's levels, but this is mainly a reflection of the fall in the value of sterling rather than any great resurgence in demand. Current prices are also being compared with the artificially depressed levels of last year when lack of buying interest forced values down well below the normal trend line and brought cutbacks in output by producers suffering from heavy losses.

Now these cutbacks, and an end to de-stocking by consumers, have brought an upward trend in world markets, exaggerated in the case of Britain by the lower purchasing value of sterling. The Soviet Union, for example, the main supplier of timber to Britain and the price leader, has recently imposed higher prices for its sales to Britain, exercising a clause in the contracts giving the right to renegotiate prices if sterling fell to a parity rate of $1.85. Other suppliers have similar protective clauses in their contracts, and inevitably there will be a sharp increase in the cost of Britain's imported raw material bill. The extent of the rises, however, will be decided partly by demand from other markets, and also the trend of sales in the U.K., *which may be hit hard* if costs go up too much in comparison with rival materials.

Although the trade is confident that it is over the worst times suffered in 1974 and 1975, there is considerable doubt about the outlook this year at least.

Because a large proportion—around 70 per cent.—of timber sales are dependent on the construction industry, demand for timber tends to be closely linked with the state of the U.K. *economy*. *And who is confident* that Britain, and the housing sector, will be booming by the end of the year?

A promising sign of better times to come was given with the housing "starts" figure in March reaching its highest level for two years. But at the same time the recent Nationwide Building Society report suggested that saturation point in building new houses might have been reached—not a welcome prospect for the timber trade. *In addition it is feared* that the planned cuts in Government expenditure will mean severe restrictions on buildings in the public sector—one of the timber trade's most important outlets.

Add to these fears of sluggish demand, the impact of much higher prices as the supplies of cheaper-priced timber run out and it can be seen why the trade is not expecting a great deal of improvement on the whole this year.

Forecasts

Latest forecasts suggest that softwood timber sales in the U.K. will only reach 7,135,000 cubic metres: an improvement on the disastrously low figure of 6,630,000 cubic metres in 1975, but well below the 1973 total of over 10,000,000 cubic metres. Although these figures illustrate the kind of setback suffered by the timber trade during the past two years, it should be borne in mind that they represent apparent consumption based on purchases, with no allowance for stockbuilding or destocking. Thus the underlying real trend in demand may be somewhat different. In fact, there are definite signs that timber-frame housing is now making much greater strides, with a useful push being delivered by the Timber Research and Development Association with pilot schemes in Sutton and Newham last year being followed by fuller schemes this year.

It is claimed that about half the industrialised dwellings built by local authorities are now based on factory-made timber components and this method is taking an increased share of the private market too.

Government moves to encourage refurbishing and improvement of existing houses may help to make up for a setback in new housing "starts," the home improvement scheme that was hit by a reduction in the size of grants given is much liked by the trade since it provides an outlet for a whole range of wood products. In other sectors, the furniture business appears to have held up well during the economic recession. Hardwood sales are expected to pick up slightly to 1,210,000 cubic metres this year against 1,112,000 last year and 1,630,000 in 1973.

Chipboard, the fastest growth sector in the timber trade, appears to be recovering fast and sales this year are expected to jump to 1,595,000 cubic metres exceeding the previous peak of 1,525,000 cubic metres in 1973. An encouraging note from Britain's point of view is that domestic chipboard production has almost doubled in the past few years and is now playing a much more important role in this growth sector.

Plywood sales have suffered badly not only from the industrial recession, but also from various other setbacks such as the "luxury" Value Added Tax imposed on caravans and boats at one stage, as well as the supply difficulties created by Britain's entry into the EEC.

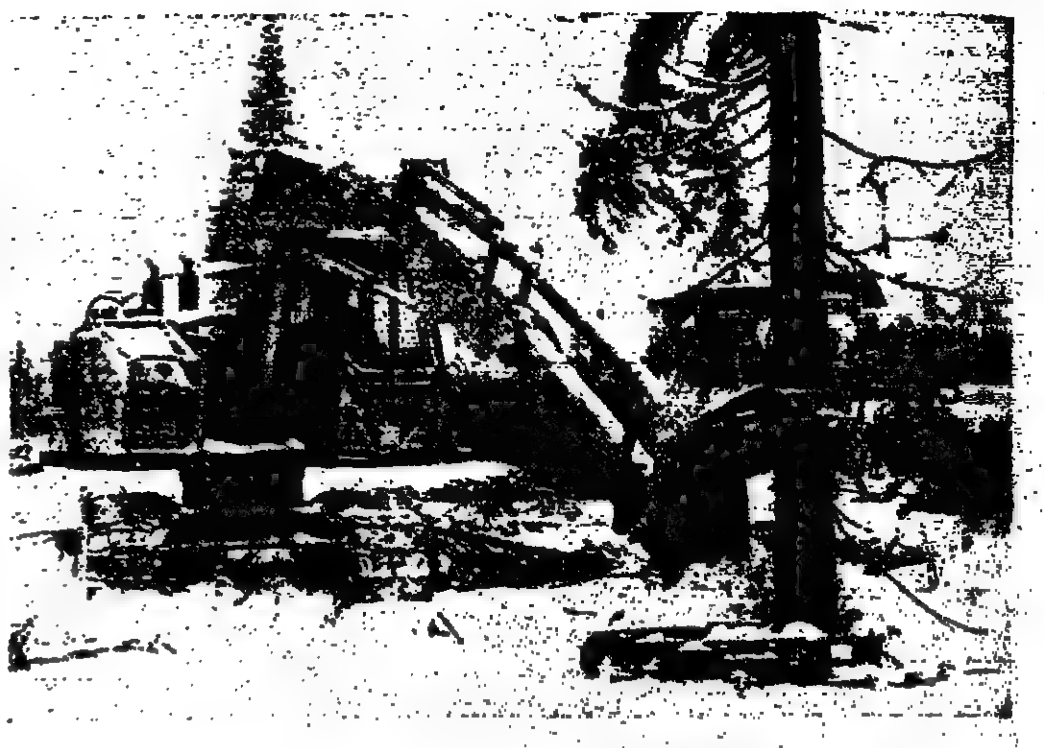
A duty-free quota for British imports of plywood has to be negotiated with the EEC each year and normally the quantity allowed is not sufficient to cover the total requirements. As a result considerable confusion arises when the quota runs out and shipments became liable for duty.

Plywood sales are expected to recover this year to 940,000 cubic metres from the low point last year. But this is far below the 1973 figure of 1,374,000 cubic metres.

Generally, with the exception of chipboard, it may be some time before timber sales recover to the artificially high levels of 1973. Nevertheless, there is a considerable incentive for U.K. importers to start stockpiling again in view of the advantages of timber as a hedge against sterling and the likelihood of further rises in world market prices in the months ahead.

So far demand for timber worldwide has not shown any great resurgence, even in the United States and Japan, whose economies are looking considerably healthier. But production cutbacks by producers, including the sawmillers' stockpiling scheme by the Swedish government, are limiting the supplies available.

John Edwards



Mechanised felling of timber in Sweden

Fairer wind for U.K.

A GENTLE breeze of optimism is at last beginning to blow through Britain's forestry industry—both State-owned and private—after a couple of bleak years.

Demand and prices are beginning to firm up: the overall improvement in the country's economic situation with the reduction in the rate of inflation coupled with a degree of stability in wage increases; and, for the private sector the disappearance of some of the major fears about Government taxation policies, have contributed to the improved morale.

But the industry is not yet free of problems. Taxation fears still haunt private growers; Dutch Elm disease continues to scar the face of the countryside and drug the timber market with elm; drought could put a brake on timber growth this year, and the dry weather and high winds have already led to severe fires which have destroyed thousands of acres of woodlands.

The biggest blight however has been the erosion of confidence in the past few years caused by the uncertainty over taxation and fiscal policies of the Government and their effect on investment in forestry which is obviously a very long operation geared as it is to the slow growth to maturity of a crop that can take several decades before a return is realised.

This loss of confidence, admittedly due also to the general air of gloom and recession, has been expressed in a clear and measurable fashion.

The area of new plantings, which usually averages about 50,000 acres a year, has dropped by something like 40 per cent. over the past two winters, private forestry sources estimate. In itself the loss of 20,000 acres a year of plantings does not sound a lot if one ignores the effects on employment in the industry or the loss of seedling tree sales to the nurseries that produce them. But seen in terms of Britain's balance of payments the loss of 20,000 acres a year is enormous.

Imports

Timber accounts for the third largest item on Britain's import bill and at current values, the amount of timber that could have been produced on 20,000 acres would cost £200m. to import. So the past two years could have seen an extra £400m. added to Britains bill for imports of timber at some time in the future.

Well over 90 per cent. of the country's timber and timber products requirements are imported but the hesitation of the past couple of years should not alter the industry's fundamental target of producing 10 to 12 per cent. of the country's needs by the year 2,000 compared with the present level of about 8 per cent. a year.

Private forestry interests want the Government to improve the tax incentives even further to make British forestry investment as attractive as in other EEC countries. France is an example they often quote and its loans for tree plantings spread over 35 years with interest at less than 1 per cent. In particular, the timber growers organisations are campaigning to have Capital Transfer Tax assessment of woodland made at a time of the last death and not on disposal at a later date when the value could have increased enormously.

Recently the growers have been trying to persuade the Government not to dismiss the EEC's draft Forestry Regulation as being of no use to the U.K. By taking advantage of the forestry grants which are party-Community financed, the U.K. could enjoy a dual grant/taxation relief support for its forestry industry. The grants would be particularly helpful to smaller producers and encourage the wider aforestation of marginal land, they argue.

They are also worried that present CTT concessions apply only to dedicated woodlands and not to small copses and spinneys which cannot be dedicated to commercial timber production. They forecast this could result in the felling of the trees in these small areas of woodlands to find capital to pay CTT. Over a period this could mean the loss of these attractive clumps of trees and alter the face of the British countryside.

But a far more rapid and obvious disfigurement of the countryside, particularly in the south of England, has been the ravages caused by the spread of Dutch Elm Disease. The succession of mild winters and warm, dry summers has helped the spread of the disease which has already meant the loss of approaching 7m. elm trees. For any lovers of the countryside the loss of the elms has been heart-rending in many counties with hedgerows, skylines and familiar beauty spots disfigured almost overnight by the destruction brought by the disease.

In commercial terms, too, the weight of elm wood on the market has caused severe problems. It has led to the setting up of an Elm Marketing Group jointly by the Forestry Commission and the timber trade which is doing its best to promote the various uses for elm wood in order to increase take up of the timber. With no money to spend on advertising or promotion, it is relying on the newsworthiness of its message to get it into as many magazines, newspapers and onto radio and television programmes in addition to spreading its information through the trade.

Having disabused observers that the only use for elm is for coffins—albeit a valuable outlet for the wood—it has suggested that elm can be usefully and economically purchased for most uses. These range from use in docks, mines and construction works, civil engineering, road works, sea and river defence, up to house building and even furniture, providing the timber is carefully selected and properly dried and prepared for each specific task.

For the State industry, the Forestry Commission, the past year has also seen a number of notable landmarks. Only last week the Commission celebrated the planting of its two millionth acre of woodland since its formation in 1919. Its early planted woodlands are now reaching maturity and helped Commission sales to rise to £17m. last year.

Provision

The Commission's deliberate provision of recreational facilities for visitors enabled a record number of people to stay, camp or just spend a few hours in some of its most beautiful woodlands. Lord Taylor of Gryfe, who, on June 30, relinquishes the post of Commission chairman that he has held for the past six years, is proud of the Commission's role in providing access to the countryside for the urban visitor.

He is also pleased at the growing partnership between the State and privately-owned forestry industries. In fact the Commission has made urgent representations to the Government about the falling morale in the private sector in recent years and warned of the serious environmental and commercial consequences.

The Commission's planting of 2m. acres of woodlands is a considerable achievement he says particularly as Britain is still the least afforested country in Europe.

"The fact that these 2m. acres will become productive ought to be good news for the Chancellor who is concerned about the balance of payments, and the British pulp and paper industry who, for too long, have been entirely dependent on imported supplies," he adds.

Peter Bull…

Suppliers adapt to new conditions

CAUSE it is a distributive ustry, the sales of the U.K. ber trade rise and fall in ect relation with the strength the *domestic economy.* hough some of the importers e diversified into the manuture of joinery items and er wood products, there is y little that they can do to nulate sales in the short m. Like many other induss with similar problems, iber traders look into the ond half of 1976 and hope t at least some of the mised upturn in the nomy will occur.

n the meantime there are blems to be faced and at the *of the list is the need to* vince their customers that price of all forest products m all parts of the globe has n rising steadily this year l at the moment shows little ns of abating. There are two tors behind this surge in ces, one peculiar to the U.K. l the other a world phenomon. Peculiar to the U.K. is steady erosion since the inning of 1976 in the value sterling which has the direct ect of making all our imports forest products dearer. To e just one example: it is imated that the fall in the ue of sterling will add about m. to the cost of our imports Russian softwood this year d this sum will increase if pound falls below the level $U.S.1.70 which is the datum e for the present agreed ices.

The world phenomenon has roots in the boom of 1973 en producers of forest products in all countries were working flat out to supply what appeared at the time to be an insatiable and endless demand. *When the inevitable downturn* came all the consuming countries were caught with large forward commitments which were soon translated into high stocks, but rather than see a complete collapse of prices which would have driven many of their importer customers into bankruptcy, the producers began a policy of restricting production which *overall* was uniquely successful. The movement began in Scandinavia, where the producers are tightly organised, and applied to softwood, plywood and wood chipboard. The Far Eastern and West African suppliers of hardwood and plywood were soon following the same policy and so were the Canadians. The result was that although stocks in the producing countries did rise, this rise was limited and when demand in Europe and the U.S. began to pick up at the end of 1975 prices soon started rising.

Danger

There could be danger in this compounded price rise for the U.K. timber trade. To take the obverse first, the trade has found from experience that falling prices do nothing to stimulate additional sales of timber or wood-based sheet materials, nor in times of rising prices has the trade lost much business to other materials. But in the past the rising prices have applied across the whole spectrum of the economy. Wages and energy costs have risen across the board with the result that all materials have maintained their relative positions in the price scale. But if the exporters of timber persist in their endeavours to push prices higher and higher there is a danger that timber will get out of step and be priced out of some markets. Steel, for example, has higher wage and energy cost elements in its price, but if these elements are held down by the anti-inflationary policy its relative price position to timber could alter. The joinery manufacturers who are extremely sensitive to this position because windows are made *in steel and aluminium as* well as wood, are quite sure that a point can be reached if exporters become too greedy, wood could lose sections of this market.

The construction industry and the packaging industry provide the main markets for softwood and of the various sectors of the construction industry house building is by far the most important. There is growing confidence within the timber trade that its sales to this sector should be on the increase. This confidence is based on two factors: first, the figures of housing starts have been firmly set upon a rising path this year, and secondly, there is clear evidence that timber frame is now taking a growing proportion of the new housing market. In softwood terms a timber frame house does not use all that much more wood—an extra three cubic metres per house is the generally accepted figure, worth, say, about £200. But the timber frames need sheathing and here the sheet materials side of the trade does benefit for these are sales that would not be made at all if the house were not timber frame. All three of the wood based sheet materials—plywood, fibre building board and wood chipboard—compete for this market and to these have now been added a fourth, waferboard from Canada, a *board made on the same principle* as wood chipboard but using aspen flakes and having some of the properties of plywood. Most of the larger timber trade companies trade in all these products and are therefore quite happy to sit back and let the promotion bodies, financed in the main by the producers of the boards battle it out among themselves.

Since the Canadians did most of the original groundwork to introduce the timberframe method of building to the U.K. and since in Canada plywood is the main *sheathing material,* most of the timberframe in this country is sheathed with plywood. But in Scandinavia the picture is different; the Swedes use medium density hardboard (panelboard) and the Norwegians use wood chipboard. In the U.K. the Fibre Building Board Development Organisation has had its eye on this market for a number of years. A research programme instituted at the Princes Risborough Laboratory of the Building Research Establishment gave panelboard satisfactory strength ratings and now the organisation believes that as plywood prices are rising timberframe manufacturers are turning more and more to the cheaper *material.*

Consumption

The hardwood trade has been the price levels of their species rise by up to 30 per cent. since October last year and sales in January and February were up about 11 per cent. on the closing months of 1975. One of the factors which will bedevil all the apparent consumption figures as they are announced during this year is the fact that no one really knows how much stockpiling is going on among merchants and consumers. Only the importing trade report stock figures and a sale out of this sector is assumed by the statistics to be a sale into consumption, but clearly this is not always so. After the violent destocking movements of 1974-75, and observing the steady rise in the price of all timber and wood-based sheet materials, it *can be safely assumed* that a modest amount of stock building is going on among the merchants and consumers. Relatively high interest rates will keep it within bounds but it is probably sufficient to lend a slightly false rosy glow to the consumption figures and when completed it may leave the trade with a slack period in the autumn.

The hardwood trade has a host of small specialist consumer outlets, but its main sales area is the public building side of the construction industry and furniture. With the clampdown on spending in the public sector there are few town halls, court houses and other public buildings being started and as its material comes into the last stages of construction, the trade is now seeing the last of the building started a couple of years ago. Furniture on the other hand, has held up very well so far but it looks as if the inevitable results of wage limitation are now coming through and the last *few* weeks have seen a definite downturn in the orders from the furniture manufacturers. The same slackness may soon spread to the kitchen and bedroom cabinet furniture sec*tor where so much wood chip*board is used.

In dealing with wood chipboard and its market outlook it is interesting to note that a recent survey makes the point that from the late 1960s to 1973 sales of wood chipboard to the furniture industry rose faster than the unit sales of furniture, in other words it confirms what was being widely guessed—that wood chipboard was being substituted for other materials. This process has now been completed and in future sales of chipboard to the industry are likely to follow much more closely the furniture unit production.

In the construction industry chipboard interests are looking hard at the market for ground floors in new housing. With an underlay of polystyrene, chipboard can cover the concrete raft and provide a solid but "giving" floor with less labour than a cement and sand screed over the concrete followed by vinyl tiles. The agricultural market is proving a slow starter and the classic marketing dilemma has arisen here. The traditional timber trade outlets are loath to stock the moisture resistant boards until they have a reasonable demand and those farmers who have responded to the promotion and *want to use particle board in* their buildings complain that they cannot buy it. The trade will have to watch this situation or the distribution of this material may slip through its fingers.

The fall in sterling which has caused a rise in the price of wood chipboard imports has helped the home manufacturers to get their prices up and the February statistics show the home mills with well over 50 per cent. of the market—a huge improvement on a year ago. But the exporters must still have a deal of faith on the long term prospects of the U.K. market for Finland's largest manufacturer, is to set up a technical marketing and promo*tion office in this country.*

W. G. Potter

European potential

ALL EUROPE'S wood requirements from now until the end the century and beyond can met for forest resources in urope, supplemented by imorts from other regions, includg the Tropics. This is seen perhaps the key overall essage of the timber trends udy currently being completed the UN Economic Commisn for Europe. This survey is t based on the belief at European consumption of mber, paper and other forest roducts has reached saturation vels—an assumption which is early rejected in the study— r is it believed that rising quirements can be met simply, imports without a substantial crease in European forest tput.

This major departure from vious beliefs that there was le prospect of increasing ropean forestry potential l depend, however, on signifit changes in Government icies, with far greater attenn needing to be paid to estry. This is in view of the t that in 1973 the value of rope's forest output could be at between $25bn.-$30bn.— ghly equivalent to half of the estimated petrodollar surplus of oil-exporting countries for 1974.

The hardest part of the equation to sketch in for the next 25 years is timber consumption trends since these depend largely on developments over which general forest policies and relative timber prices have only limited influence. Assuming a growth in gross domestic product at an average annual compound rate of some 4 per cent. in Western Europe and 6 per cent. in Eastern Europe, the timber secretariat of the ECE cautiously advances forest products consumption projections well below the compounded GDP expectations. In terms of wood raw material equivalent, total consumption which stood at an average of 409m. cubic metres in the 1969-1971 period might at best be expected to rise to some 485m. cubic metres by 1980, 600m. by 1990, and 765m. by the year 2000.

Within this aggregate of total forest products, fuel wood consumption would continue the marked downward trend of previous years (falling from 69m. cubic metres in 1969-71 to some 35m. cubic metres by the end of the century) while within the range of industrial wood consumption wood-based panels would continue to enjoy an ever larger share of the market.

Projections

Available and still very tentative figures for wood-based panels show that demand rose from an average of 3m. cubic metres in 1949-51, to 9m. in 1959-61, and to 23m. by 1969-71, compared with 62m., 76m. and 93m. cubic metres for sawnwood (soft and hard) in the same periods. The ECE projections indicate that this forward march of wood-based panels will continue so that by the year 2000 demand may be expected to rival sawnwood in volume terms (130m. cubic metres compared with 140m. for sawnwood). This may be due to excessive conservatism on the sawnwood side and at least one forest expert suggests that higher construction activities and greater use of sawnwood in packaging may change this projected demand relationship. Also, while a four-fold increase in wood-based panel demand in the remainder of this century may be on the cards, caution is advised to avoid heavy investments which could lead to excess capacity. Taken together consumption of these two major categories of structural wood is expected to *rise from 85m. cubic metres in* 1950 to 270m. by the year 2000 — an indication that wood is holding its own as a structural material, although in different forms.

By comparison, the projected consumption of all grades of paper is probably on the high side even though the study suggests that growth rates will decline to less than half those for the period 1950-75. The GDP related projections foresee a rough doubling of paper needs in the period under review, per*haps running counter to the pre*vailing trend against wasteful consumption.

After some scaling down of the Commission's optimal demand projections one might come out with annual requirements by the year 2000 of some 550m. cubic metres of industrial roundwood, or a total of 630m. cubic metres, if one includes *industrial residues.*

There appears considerable confidence that these requirements can be met, even though it may seem a tall order to expect the bulk, some 75-80 per cent. to continue to come from European (excluding the USSR) forests. If the entire increase in new industrial wood consumption were to be met in this way it would mean a further rise of domestic supplies of some 310m. cubic metres. This would have to be compared not with the 140m. cubic metre increase in domestic supplies in the last 25 years but with some 50m. cubic metres representing total removals. The rest was obtained by the transfer of fuel wood to industrial use and by collecting *woodchips and pouring them* into the industry's raw material silos. A repeat of this performance can hardly be expected in the years to come.

In analysing the tentative ECE projections, Mr. Glesinger, a former FAO expert, argues that the reasonable approach is not an excessive increase of fellings in European forests but greater reliance on net imports while working towards what he calls a "massive expansion" of industrial roundwood supplies within Europe. Contrary to earlier beliefs, he notes, Europe's forests have been and remain under-utilised. Estimates of the net annual growth from the present productive forest area of 135m. hectares have been gradually revised upward as a result of better inventories and improved forest management. While the 1950 figure was around 260m. cubic metres (under bark), present estimates set annual growth at 390m. or roughly 2.8 cubic metres per hectare.

It is argued that if really intensive management and modern harvesting methods were adopted for the majority of Europe's industrial forests and high-yield, quick growing pulpwood plantations were established on 20 per cent. of productive forest area, it should be possible to raise production in Europe by as much as 50 per cent. above the present level if not by the year 2000 certainly in the early years of the next century. This would still correspond to an average of only 4 cubic metres per hectare while present growth in a well-managed forest in central or even Northern Europe often averages 5-6 cubic metres.

The ECE's estimates, based on national figures, are more cautious, assuming a net increment of only 17 per cent. in the next 25 years to reach 464m. cubic metres under bark or 3.1 cubic metres per hectare.

Removals are also set well below estimated net growth to allow for losses in harvesting, with projected removals set at 370m. cubic metres (without bark) of industrial wood by the year 2000. In the present stages of the study, an upward revision of this figure is being considered to some 420m. cubic metres. If another 80m. is added for industrial residue transfer—about *twice the 1975 level*—the total availability from European sources could be as high as 500m. cubic metres at the end of the century.

While such strong development may be restrained by economic or environmental factors, it is felt that these can by and large be offset by the very substantial potential *reserves in all stages of the* European forestry production process.

Volume

This would still leave some 130m. cubic metres as the volume of forest products consumption to be covered by net imports, to which some 30m. cubic metres should be added to allow for continued traditional European wood exports. Gross imports by the end of the century would thus probably be at around 160m. cubic metres, some 25 per cent. of overall industrial wood requirements. This should be compared with some 65-70m. cubic metres last year.

It should not be difficult to secure levels of imports of this order, although there may be significant changes in the composition of imports according to international price trends and the development of forest product balances in surplus regions. While Russia could theoretically meet the entire European deficit, *continually rising domes*tic needs and the fact that the western part of the USSR is getting short of timber makes this unlikely. On the other hand, North America still has significant potential for raising its exports of sawn wood and pulp and paper and, if environmental issues are overcome, and with the dollar problem reversed, one may expect extensive European buying from Canada and the United States.

It should be remembered, however, that North American prices will be determined by domestic trends and it may be wise to avoid excessive reliance on this source.

David Egli

Michael Donne reports on the argument about future civil aircraft

The air maelstrom

UNCERTAINTY about Europe's ability to collaborate on the next generation of aircraft for the world's airlines, and particularly about Britain's role, has been causing increasing concern in recent weeks, especially among U.K. aerospace workers.

The concern is shared by many others in the U.K. aerospace industry, and there is little doubt that one of the major topics which the Aerospace Organising Committee (the body set up under Lord Beswick to prepare for aerospace nationalisation) must consider this summer is what to do about the industry's future *civil programme.*

And when Lord Beswick meets General Jacques Mitterand, President of Aérospatiale, on *May 19, he is also expected to* press for some clarification of French intentions on co-operation in future civil airframe development in Europe. For there has been considerable concern recently over signs that the French are moving closer to the Americans on future civil ventures.

It has been clear for some time that Lord Beswick's committee would have to consider this summer what to do about future U.K. civil programmes.

The military side is well-*placed for the immediate future.* But with only the remaining Tridents for China, the HS-146 "feeder-liner" on ice," a handful of One-Elevens in production, a steady but small flow of HS-125 business jets and HS-748s, another feeder-liner, and the rapidly declining Concorde programme, the civil side is much weaker.

Rolls-Royce is also deeply *concerned in the matter.* It wants additional markets for its RB-211, and sees the A-300 Airbus and its derivatives as a *promising* outlet. At the same time, it is trying to work out a collaborative programme with Pratt and Whitney of the U.S. on the new JT-10D "ten-ton thrust" engine, which will rival the Franco-U.S. (Snecma-General Electric) CFM-56 as the power unit for the next generation of medium-range airliners.

Schedules

Deciding what to do, however, is one of the most difficult tasks the U.K. aerospace industry *has ever faced.* In fact, every major aerospace manufacturer in the world is just as uncertain. As a result of the oil crisis and the ensuing world-wide recession, which hit passenger and cargo traffic and caused transport costs to soar, orders for new airliners have slowed to a trickle, and production schedules everywhere have been cut sharply.

This hiatus, moreover, has occurred at a time when, under normal circumstances, the manufacturers would have been preparing for a new re-equipment tide among the world's airlines. The recession has probably only postponed this re-equipment situation for at best two to three years, giving the makers some time to sort out their ideas.

They may have less time, however, than they think. There are already signs that things are getting better. Passenger *traffic in North America,* on many long-haul routes and in Europe is all showing signs of improvement.

Boeing, for example, the world's biggest transport aircraft builder, has suggested that between now and 1985 as much as $48bn. worth of new equipment could be ordered by the world's airlines. The market seems likely to be mainly in the short- to medium-range bracket, where most of the world's air traffic is likely to be concentrated in the decade *ahead. In Europe, the medium-*range market is expected to cover up to 500 aircraft in the 120- to 150-seat category, with perhaps several hundred more in the 200-seat category.

In order to win this business, manufacturers must be ready *with designs before the end of* the decade. These, in turn, will have to be tailored much more closely to the needs of airlines than ever before. It is also clear that there will be fewer different types than in the past. This is forcing much greater recognition of the need for collaboration internationally, both inside Europe and between Europe and the U.S.

In the past few months, therefore, there has been an unprecedented volume of international discussion, which is *still going on. So far, there are* many link-ups mooted, but nothing definite has emerged. But it is this maelstrom of *activity, which* threatens to overturn many existing collaborative patterns, that has given rise to the concern among the *U.K. workers.*

Coming at a time when the U.K. industry itself is on the verge of a major restructuring as a result of nationalisation, they feel that there is a danger of Britain losing a share of any big re-equipment tide, through not being ready either with designs of its own, or as a party to some joint programme with another country or countries.

Supported

Broadly, the apparently *shapeless pattern of the current* discussions can be clarified into four areas, all of which are inter-related. The first is the *U.K.'s own need to reach some* common ground internally on future civil programmes, by harmonising the thinking of the British Aircraft Corporation and Hawker Siddeley Aviation. Questions that have to be answered are whether the HS-146 should go ahead, whether the One-Eleven derivatives or those of the Trident should be supported, and whether the U.K. should buy its way back into the European Airbus programme at Government level and thus get a bigger share of any future that programme may hold. Lord Beswick has asked BAC and HSA to prepare a working paper on this topic to help him and his team to decide what to do.

Secondly, there is the work being done by the "Group of Seven"—a collection of European aircraft builders—to determine which concepts are most likely to succeed in the *future. They appear to have* identified two broad categories of likely demand—a 100-150 seater and a larger 200-220 *seater—but these have yet to be* refined into specific detailed designs.

The Group of Seven, however—which comprises BAC, HSA, Messerschmitt-Bolkow-Blohm, Dornier, VFW-Fokker, Aérospatiale and Dassault—has problems. Its earlier ideas of creating a European aerospace industry tightly knitted against the Americans appear to be evaporating fast. Two of its members, Aérospatiale and Dassault, are locked in a bitter struggle to determine which of them shall win French Government support for future civil developments.

Jigsaw

This gives rise to the third—and probably the most critical—element of the jigsaw, for both the French companies are discussing collaborative deals with the U.S. Either of them, *if approved by the French Gov*ernment, could tear apart plans for any closely-knit European aerospace industry.

Aérospatiale is discussing with Boeing several ideas, whereby it would participate with that company in developing the stretched model of the twin-engined, short-range 737, called the 7N7, probably building the wings for it.

Other aspects of the French discussions include Boeing collaborating on derivatives of the A-300 Airbus, notably the suggested B-10 short-range model, and also the French participating in the development of the other major new Boeing jet family, the 7X7. There are several variations on this general theme. One is for the A-300 to be merged into the 7X7 programme. Another is for the 7N7 to be developed into a family, with a four-engined model using the CFM-56 engine.

Against this, Dassault has been studying with McDonnell Douglas of the U.S. a plan for collaboration on the development of the Mercure 200, a 160-seat derivative of the original Mercure 100. In return, France would probably buy a substantial number of advanced DC-9s, to help Air France replace its ageing Caravelle fleet, *while Dassault would also join* McDonnell Douglas in developing the latter's DC-X-200, a twin-engined aircraft similar to the A-300 Airbus, again probably using the CFM-56 engines.

Employment

These two rival propositions are large in terms of cash needs, but also in the employment *they would bring* to the hard-pressed civil side of the French aircraft industry. The two plans have gone to the Government, *and are due to be considered at* a Ministerial meeting on June 4.

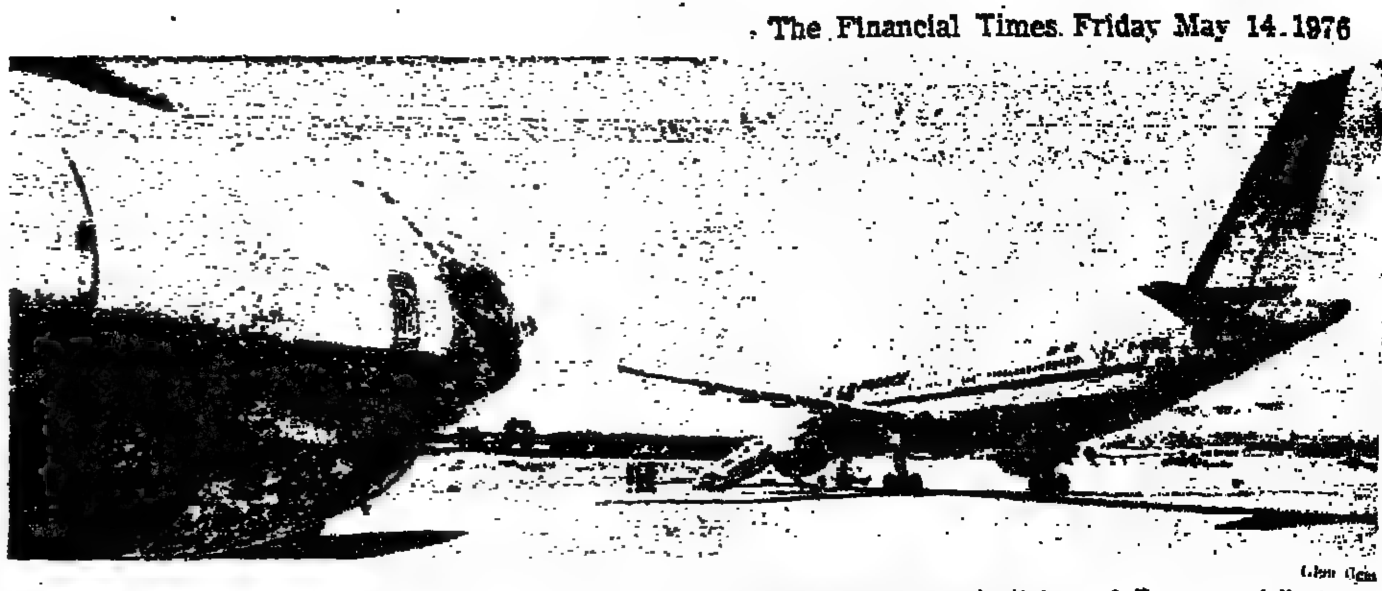
Deferring a decision until later would give everyone else a chance to clarify their own ideas on what to do. But unless the French Government rejects both plans and insists on a wider European programme, it seems that either the Aérospatiale or Dassault plan could upset the Group of Seven's own ideas for the future. At the same time, any Aérospatiale-Boeing deal involving derivatives *of the A-300* would severely damage Hawker Siddeley's position on that [illegible]craft programme, for which [illegible] currently builds the wings a[illegible] has an overall design cons[illegible]tancy role.

As a result of this comp[illegible] situation, the Group of Sev[illegible] itself, together with the U[illegible] companies on an individ[illegible] basis, have been obliged to th[illegible] carefully about the possibili[illegible] of collaborating themselves w[illegible] the U.S.—the fourth major [illegible]ment in the overall jigsaw. S[illegible] a course has attractions and [illegible] advantages. Boeing, with a [illegible] product line (707s, 727s, 7[illegible] 747s) is strong, and it has [illegible] 7N7 and 7X7 programmes [illegible] which to expand further; [illegible] needs cash, however, and [illegible] been looking for it in Fra[illegible] Italy, Japan and the U.K. [illegible] *would not be averse to w[illegible]*ing with the Group of Sev[illegible] or with individual compan[illegible] if the right kind of deal [illegible] *be struck.* But the disadvant[illegible] is: what kind of deal? Boe[illegible] would be likely to want to h[illegible] assembly for itself. Simila[illegible] any deal with McDon[illegible] Douglas would be bound [illegible] reflect that group's desire [illegible] remain dominant in the spe[illegible] programme concerned.

Just where all this is go[illegible] to lead, no one knows. Th[illegible] is already bitterness in Eur[illegible] that the French, by their o[illegible] espousal of the U.S. compan[illegible] are driving a wedge into [illegible] concept of a united Europ[illegible] aerospace industry. The Fre[illegible] defend themselves by argu[illegible] that if the rest of Europe [illegible] not make up its mind on w[illegible] to do, it must look to [illegible] Americans.

Political

Boeing and McDonnell Dou[illegible] are on the spring board, re[illegible] to plunge when the market [illegible] *ripe, and they are big eno[illegible]* to go it alone if necessi[illegible] Europe has yet to climb [illegible] onto the board, and althoug[illegible] *is trying hard, its political m[illegible]* up makes its task more diffic[illegible]



The Airbus (right) is one of the key aeroplanes in the current discussions on the future of European civil aircraft development.

هكذا من الأصول

LABOUR NEWS

Right-wing Tories outline company control policy

BY IAN HARGREAVES, LABOUR STAFF

[TH]E INFLUENTIAL One [Na]tion group of Conservative [MP]s takes the party's debate on [in]dustrial democracy into new [an]d radical territory to-day with [a p]amphlet proposing supervisory [bo]ards in large companies, and [st]atutory recognition of em[plo]yees' rights.

Mrs. Thatcher writes in the [pa]mphlet's foreword that she [we]lcomes the group's ideas as an [ai]d to formulation of policy for [th]e next election. She says the [pa]mphlet "illustrates very [cle]arly our Conservative belief [th]at all employees have a right [to] be involved in the way that [th]eir enterprises are run."

Entitled One Nation at Work, [it] was written by a team of five [MP]s, headed by Mr. Adam Butler, [MP] for Bosworth and Parliamen[tar]y Private Secretary to Mrs. [Th]atcher.

The authors discuss a variety of ways in which they say involvement of employees can be organised, before coming down in favour of the "broad brush approach" exemplified in the EEC's proposed European Company Statute, which aims to control the activities of multinational companies.

The proposal is "to require directors by law to run their business 'having regard to the interests of employees as well as shareholders'." This would establish an obligation "neither so loose as to be ineffective, nor too much of a straitjacket."

The authors applaud the logic of the second major feature of the European Company Statute, creation of supervisory Boards consisting of representatives of employees, shareholders and "outside interests" in equal parts.

The principal functions of this three-party Board would be appointment of executive directors and decisions on "the broad directions of the company's policy." The details of the Board's powers were deliberately vague, Mr. Butler said yesterday, so that there could be maximum scope for manoeuvre at company level.

The pamphlet makes three important qualifications to its support for the supervisory Board principle: that it should not apply to smaller or private companies; that in the case of large companies there should be a five-year period of grace for plans to be formulated; and that elections must be by secret ballot and involve all employees. "We criticise and condemn current Socialist legislation which gives special rights only to trade unionists in these matters."

The pamphlet also puts the case for elected employee councils as a forum for exchange of information in all companies employing more than 500.

In general the MPs stress their hostility towards any form *of rigid and detailed legislation* on worker participation, preferring a series of codes of practice, outlining model industrial relations practices. "We advocate the evolution of methods of *working together*, starting at the shop floor, and the provision of a legislative framework to make this possible."

On the negative side the authors strenuously deny that workers have any desire to be involved in "management decisions on finance and investment." For this reason they reject the idea of employee representatives on executive Boards or committees of companies "unless they have a specific job to do."

One Nation at Work: price 30p Conservative Political Centre, 32, Smith Square, London SW1P 3HH.

Move urged to reject deal

By Our Labour Staff

TWO MORE UNION executives joined the list of opponents to the Government-TUC pay agreement yesterday and will urge their members to reject the proposals.

The executive of the Civil and Public Services Association, the largest Civil Service union, will advise its members to vote against the proposed second phase of pay policy at meetings in its 1,000 branches before the special TUC on June 16.

An executive statement said its decision was based on a fundamental belief that present Government policies relied too much on wages control, and were not related to resolving the country's basic economic problems. The second phase of incomes policy would mean a "further intolerable fall" in members' living standards. Yesterday's executive decision is in line with the CPSA's existing position on pay controls.

The second rejection came from the executive of the National Graphical Association, which will seek a mandate to oppose the policy at its conference next month. Mr. Joe Wade, general secretary, said the NGA national council accepted the need for a second stage of pay policy but was unable to accept the agreed formula, and hoped next month's special Congress would instruct the TUC to re-open negotiations with the Government.

The NGA was convinced, said Mr. Wade, that the proposed policy would not work unless it was modified to allow for some consolidation of this year's £6 increase, moves towards restoring differentials and provision for productivity agreements.

Steel men should be consulted, says Jones

BY ALAN PIKE, LABOUR STAFF

[ST]EEL WORKERS should have [be]en consulted before the [Go]vernment appointed Sir [Ch]arles Villiers as new chairman [of] the British Steel Corporation, [Mr]. Jack Jones said yesterday in [a] call for greater consultation [in] the industry.

"It is quite wrong that heads [of] national bodies should be [ch]osen from a small, charmed [cir]cle of industrialists and [ba]nkers. There are people [wo]rking inside the industry who [cou]ld take this sort of job on."

[Mr]. Jones, general secretary of [the] Transport and General [Wo]rkers' Union, told the Tin[pla]te Trade Conference in [Sw]ansea.

"I say this with no implied [cri]ticism of the present chairman [or] of the new chairman, but [cle]arly there is a need for a new [me]thod of appointment to reflect [the] desire for unity between [ma]nagement and men in this [vit]al industry."

[M]r. Jones developed the [the]me of worker participation [du]ring a speech in which he [in]sisted that bankers and indus[tri]alists should make the same [sac]rifices for Britain as ordinary [wo]rking people had made. [Br]itish Steel's experiments with [wo]rker directors on divisional [boa]rds were welcome but not [eno]ugh, and the unions would [dem]and a reconstituted Steel [Bo]ard with at least half the seats [occ]upied by trade union repre[sen]tatives.

[N]ationalised industries should [set] the pace on worker participa[tio]n and reconstitute their [boa]rds on the basis of the TUC [ind]ustrial democracy proposals, [whi]ch have been widely [crit]icised by private industry.

[I]n the framework of British [Ste]el's attempts to reduce its [lab]our force, Mr. Jones identified [man]power requirements as a [par]ticular area where he was insisting upon joint decision-making. The trade union movement appreciated that the Corporation faced many problems but there must be no "false economies." Severe manpower cuts would impede British Steel's ability to expand production in response to increased demand.

He deplored "the Corporation's attempts to undermine" sectional and local agreements in the steel industry.

"In December and January the executive gave full support to our tinplate members in their actions to defend the section agreements which have been negotiated over many years. We will do so again if necessary."

Fish merchants oppose Dock Bill

BY OUR LABOUR STAFF

BRITAIN'S FISH merchants yesterday came out against the Dock Work Regulation Bill. They fear that some of the handling work they have traditionally done at their quay-side premises could be lost to dockers.

The Federation of British Port Wholesale Fish Merchants' Associations, which is based at Hull, is to press for amendments to the Bill.

The merchants want all handling of fish and fish products, after the landing stage, to be excluded from registered dock work because of fears that fish could be held up during dock disputes. They want a similar exclusion clause included to cover the driving of vehicles on private roads in the docks.

About 100 merchants employ 3,000 people at dockside premises in Hull.

Representatives of the Port of London Authority and the white-collar section of the Transport and General Workers' Union will decide to-day on what action to take after the strike yesterday by 1,200 members of the port's supervisory staff.

The docks were brought virtually to a standstill when the staff, all members of the Association of Clerical Technical and Supervisory Staffs, stopped work in protest at discrepancies in pay grading arrangements.

Leaders of the Transport and Salaried Staffs Association, the white collar rail union, are to ask the Prime Minister to intervene in a similar and long-standing grading dispute between themselves and the British Transport Docks Board.

Meanwhile, an overtime ban at the British Transport Docks Board's 19 ports by members of the National Union of Railwaymen continued yesterday.

The union's executive will decide early next week whether to step up the action—called after a disagreement over pay and provisions for a closed shop—into a national strike.

At Grangemouth, Scotland, 260 dockers have agreed to end a week-old unofficial strike which left 14 ships strike-bound. The dispute, over stowing on one ship, will now be the subject of talks between the TGWU and the Forth Ports Authority.

Consortium studies Suez Canal

BY DAVID FISHLOCK, SCIENCE EDITOR

A £500,000 feasibility study of a refurbished Suez Canal, wide and deep enough to accommodate fully-laden supertankers and container vessels, is being carried out by a consortium of U.K. interests led by Maunsell Consultants.

The consortium yesterday unveiled a scale model, the length of a football pitch, of a portion of the canal, built during the past two months on the banks of the Thames at Wallingford, along which it is *piloting* a model ship over 26 feet in length.

The study, for which the Ministry of Overseas Development is finding about £200,000, is due to be delivered to the Egyptian Government in September and will cover technical, engineering and economic aspects of a considerably modified transport system.

It is understood that a preliminary report has already gone to the Egyptian Government and that the French have recently been invited to make a similar study.

The U.K. study also includes investigation of the Egyptian Government's plans to develop the Suez Canal zone as an industrial area on the lines of the Manchester Ship Canal.

Partners in the consortium are Maunsell, concerned with the engineering aspects, Coopers and Lybrand Associates, covering the economic feasibility and financial options, and two national laboratories—the Hydraulics Research Station, where the canal model has been built, and the National Physical Laboratory.

The roles of the two national laboratories are, respectively, to study the effect of ship movements on the canal and the effects of a narrow canal on the movement motion of very large vessels.

Their studies inter-relate in that they are attempting to show whether, for given canal dimensions, the currents generated by a vessel's passage will grow appreciably stronger, thus demanding greater power from the vessel itself.

Present studies are still being made on the assumption of one-way traffic, in convoy, with the Great Bitter Lakes being used as passing points, but the most ambitious scheme projected may allow for the smaller vessels to pass in the canal itself.

The proposed development of the canal involves increasing the depth from 13 metres to 18-24 metres.

BANK RETURN

—	Wednesday May 12 1976	Inc. (+) or dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	15,982,961	— 1,509,382
Special Deposits	980,710,000	—
Bankers	288,462,140	+ 12,263,990
Reserves & Other A/cs	513,152,141	— 14,536,450
	1,813,840,242	+ 25,427,142
ASSETS		
Govt. Securities	1,454,594,840	+ 74,466,360
Advance & Other Accs	263,366,063	— 34,383,129
Premises, Equip't & other Secs	90,889,547	— 61,613
Notes	4,779,412	— 14,796,331
Coin	300,387	— 6,079
	1,813,840,242	+ 25,423,146
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	6,250,000,000	— 25,000,000
In Circulation	6,245,220,582	— 10,403,669
In Bank's Dept.	4,779,418	— 14,796,331
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	5,516,516,229	— 22,453,180
Other Securities	722,468,671	— 2,546,820
	6,250,000,000	— 25,000,000

SOLAR ENERGY — BY DAVID FISHLOCK

Hidden costs of sun power

PARTS OF the U.K. are threatened by drought this summer because the local people rejected plans for new reservoirs in the 1960s, wishing to leave their environment "unspoilt." With this fact in mind, it seems little short of naive for anyone to claim that "solar energy systems make few adverse environmental impacts" in the same breath as he asserts that "at 30 per cent. efficiency of conversion, 2.6 per cent. of the U.K. land area would be sufficient to meet total 1973 energy demand." Whose land, one might well ask—the National Parks, perhaps, or the next-door neighbour's back garden?

Yet these assertions are made in the introduction to a study of U.K. prospects for using solar energy, published this week by the U.K. section of the International Solar Energy Society. The voluminous report* is basically a plea for a national commitment to a long-term research programme on solar energy, for which it proposes Government funding of £2m. this year, rising to £10m. by 1980 and £20m. by 1985. The 39 scientists who contributed to the study claim that Britain is being "left behind" by such nations as the U.S. (which is quoted as planning to spend £35m. on solar research this year), Japan (£18m.), France and West Germany (£3m. apiece).

Space heating

Their report concludes that a significant proportion of the energy used in the U.K. for space heating and low-grade industrial heat could be culled from the sun. So it proposes that space and water heating should receive the lion's share—45 per cent.—of solar research resources over the next five years, with direct conversion of sunlight into electricity receiving a further 20 per cent., and such novel devices as solar pumps and solar engines—for which it sees export potential to sunnier climes—a further 15 per cent.

Introducing the study, Professor John Page of Sheffield University, chairman of the society, claimed that the "industrial potential is very great." He acknowledged that it would be a long and difficult task to make big inroads into the market for conventional energy sources, yet asserted that by the year 2020 it would be possible to provide the U.K. with energy equivalent to burning 70m. tonnes of coal at 50 per cent. efficiency. This prospect, as he saw it, justified a research investment substantially greater than the £0.5m. or so which he estimated the U.K. Government was spending at present.

Bearish view

How good a case does the International Solar Energy Society make for a bigger slice of the national energy research budget? There is, for example, the cautionary tale of the U.S. solar energy enthusiasts who, in a major study by the U.S. National Academy of Sciences, put forward the case for a national solar research centre employing 630 scientists and enjoying an annual budget of £26m. But when the U.S. Energy Research and Development Administration came to scrutinise the scheme it found that the scientists, in their enthusiasm to get their new research facility, had neglected the question of what it might do. Earlier this year ERDA scaled down the "very ill-defined" scheme to one-tenth of the proposed size.

How good a case is also a question given particular piquancy because the Department of Energy is shortly to publish its own assessment of solar prospects, and the indications are that it will take a distinctly more bearish view. Whereas the solar enthusiasts suggest that Britain may be able to obtain 10 or even 20 per cent. of its energy requirement from the sun, a preliminary assessment released by the Department of Energy last autumn put the prospect no higher than 0.8 per cent. by the year 2000.

Compared with the £2m. the society is seeking this year, the Energy Department seems likely to allocate only about £1m. in total for further research into four "benign and renewable" energy resources—solar, wind, tidal and geothermal sources.

A comparative assessment of five such energy resources has isolated wavepower as the one with the greatest promise for the U.K. on the grounds that there are no fewer than three native U.K. inventions worth pursuing, and that the U.K. enjoys "one of the world's most favourable coastlines for wave-power." For comparison, the U.S. receives about 1.8 times the solar radiation of the U.K. for a given area, but the waves that break on U.S. shores contain only one-seventh of the energy.

Since the Department of Energy is primarily concerned with central power supplies, let us first examine the case for large-scale utilisation of the sun's radiation to heat a solar boiler. Some ambitious projects are now being funded in the U.S., France and elsewhere, but the unpalatable facts remain that shortage of land—a 1,000 MW solar station would require about 100 square kilometres of solar collector — and cloudy skies make the U.K. inherently unattractive, quite apart from the high capital cost. The enthusiasts are realistic enough to recommend only that the U.K. should "carefully monitor" U.S. experience "in view of the export potential for the U.K. mechanical and heavy electrical industries if this approach proves successful."

As for the prospect of directly converting solar energy into electricity, the report surveys several promising types of solar cell and their sources in Britain. It admits that the cost to-day is about 100 times too high, but concludes that this big factor can be reduced by further development. The Department of Energy puts the factor nearer 1,000 times too high at present. But still more significantly, perhaps, the factor has shown no sign of falling since the 1960s, despite a big research effort on manufacturing technology.

If solar energy looks unrealistic for central power supplies in the U.K., what are the prospects for more localised systems, providing energy to individual buildings, houses or processes? The report surveys a wide variety of comparatively simple technology for extracting energy from sunlight (not necessarily from sunshine). At first sight the U.K. appears to have a worthwhile industrial base on which to build, although the sponsoring government departments would be Environment and Industry rather than the Department of Energy.

The report provides a wealth of detail for anyone wanting to experiment with low-intensity solar heating. But it also reveals two very significant weaknesses. One is that, even on optimistic assumptions about the cost of an installation—such as low labour costs and the lowest commercial price for the most expensive component, namely the solar collector itself — the economics — are not specially attractive. To provide a home with 1,620 kWh of energy a year, the scientists estimate a capital outlay of £420, which when allowance is made for the electricity required to drive the pump, indicates a payback period of 16 years. This, they admit, is also the payback period for double-glazing, which would have similar capital cost.

Investment

Nor is it very convincing to argue that solar technology will become more attractive as energy costs continue to increase, when it is clear that it is based on materials having a high energy content themselves. On the evidence presented, cavity wall and roof insulation is a better investment than a solar system.

Which raises the second weakness of the case for simple solar systems, namely the absence of complete systems. As the study shows, plenty of manufacturers are developing solar collectors, but very few are trying to put systems together, and one suspects that for many the degree of sophistication would simply lie beyond reach. Yet experience with experimental "solar houses" in several countries has already shown that the entire plumbing circuit needs to be designed and optimised as a system, and combined with insulation which (unless better kinds are discovered) may have to be 15 inches thick, if it is to perform efficiently.

* *Solar energy: a U.K. assessment, published by the International Solar Energy Society, Royal Institution, 21, Albermarle Street, London, W1X 4BS, £10*

EQUITY CAPITAL FOR INDUSTRY LAUNCHED

New financing venture will have to justify existence

BY MARGARET REID

FEW CITY institutions can ever have entered on their careers under such distinguished sponsorship as the so-called equity bank—Equity Capital for Industry—which was launched yesterday.

Yet rarely has any new financing venture started life after such agonising and lengthy appraisal as this one—or with so much doubt persisting in the investment world as to the need for its existence.

Aims of the new concern, which is to have an initial capital of between £30m. and £50m.—instead of the far more ambitious £500m. first thought of—were stated simply yesterday by Lord Plowden, the noted industrialist who is its first chairman.

"The equity bank has been formed by the sectors concerned with the provision of long-term capital as a specialised source of equity capital for companies whose requirements, for one reason or another, cannot be met by the existing established sources. The institutions which will be providing the capital are responsible for investing savings on behalf of almost everybody in Britain."

Sceptical

Refusals to back the new concern—particularly among the Scottish Life insurance groups which have been highly sceptical of the need for the enterprise—may somewhat restrict the extent of the support ultimately available. But there is little doubt that Equity Capital will come into existence in June, having gathered more than the £30m. of subscriptions set as the minimum needed to launch it.

The character of the personalities behind the scheme is strong evidence of this. Lord Plowden, who is next week retiring as chairman of Tube Investments, one of Britain's largest industrial groups, said yesterday that Mr. Gordon Richardson, the Governor of the Bank of England—whose industrial adviser, the noted accountant Sir Henry Benson, has played a large part in the scheme's preparation—gave the project its approval.

The scheme also has the weight implied by the presence on its 12-man Board of industrial and City figures including Mr. Trevor Holdsworth, deputy chairman of GKN, Mr. Anthony Stenham, finance director of Unilever, Mr. Ernest Bigland, chairman of the British Insurance Association and of the working party which prepared the Equity Capital plan, Mr. Peter Moody, joint secretary of Prudential Assurance, and Lord Seebohm, chairman of Finance for Industry, the bank-supported concern which provides loans, including £1bn. of medium-term finance, for companies.

But backing of this character has not entirely disarmed widespread criticism of the equity bank concept as scarcely necessary. Even now, the most that some of its friends say is that it is worth giving the venture a try to see if it will help in a limited range of cases—and be available should market conditions revert to the "famine" circumstances of late-1974.

Intense

The intense debate over the past months has raged on the question whether there is really a gap in the availability of share-type capital to back essentially sound companies. The issue has been whether there are viable concerns which are temporarily unable to tap the capital market either through rights issues or by applying to other bodies such as the bank-backed Industrial and Commercial Finance Corporation.

The opposition from those who think there is virtually no company with profitable enough long-term prospects to deserve new capital which cannot get it either from the market or from other institutions, was succinctly summed up earlier this week.

The argument was put thus by Mr. P. G. Walker, chairman of the large Sun Life Assurance: "We are convinced that the existing machinery for capital raising provided by the City is adequate, and we see no reason for the setting up of any new organisation for the purpose of filling the supposed gap. Accordingly, we do not propose to contribute to the equity bank."

The contrary view is developed in the report, published yesterday, by the Working Party on *Equity Capital for Industry*, which has prepared the Equity Capital scheme, under the chairmanship of Mr. Bigland.

Interestingly, it pitches the case for an Equity Capital to fill a gap in relation to the conditions of general financial scarcity as typified in extreme form by "circumstances prevailing some 18 months ago, while even in the present better climate it identifies certain needs.

"Under normal conditions, the different (existing) sources of finance provide, and will continue to provide, the bulk of the money which industry needs over and above the funds generated internally. . . . But conditions in the past three years have been far from normal and, in greater or lesser degree, they appear likely to continue for the foreseeable future."

The capital famine in 1974, when stock markets were dramatically low, capital raising by rights issues impracticable and some even large concerns prevented from making such issues by their shares standing below par, is past, at least for the time being. After all, some £1.9bn. has been raised by rights issues in the last 15 months.

It may well be that the philosophising on needs for an equity bank which then began in the City, the Labour Party and in Whitehall—including the Government Think Tank—and which led to the Equity Capital project—might not have got under way with the same impetus had it not begun until now.

In more detail, the working party identifies the type of context where Equity Capital may fill a gap: "We came to the conclusion that there were a number of situations where equity capital might be needed which could not always be expected to be obtained from (normal) sources. . .

"We were informed by Finance for Industry that in recent months a number of cases had come to notice where the financing of customers' requirements would be facilitated by the injection of equity capital which was not at that time available. Other cases were brought to our attention when a restructuring of the capital appeared desirable; some of the companies concerned were not listed and an immediate quotation on the Stock Exchange would not have been possible . . .

"These cases already exist at a time when trade and capital investment, and the attendant demand for capital, are at their lowest ebb for a great many years. As trade picks up the number of such cases will, we think, increase significantly."

Lord Plowden, chatting yesterday about the type of candidate which might qualify in present conditions for Equity Capital funds—by promising to yield a commercial return, even if after some delay — thought that a number of applicants might be passed on from Finance for Industry.

Much the greater part of Finance for Industry's £1bn. still remains to be lent and it is essentially a provided of loan capital, not share capital. What appears likely is that it and Equity Capital might provide "packages" of finance in some cases.

"FFI may at the start be the source of the main input of the sort of thing we'd want to do." Lord Plowden said. And Lord Seebohm, FFI's chairman and a member of the Equity Capital Board, remarked: "I think quite a lot of cases will come from FFI, which would be willing to lend if a company was less highly geared with loan capital." It seems that investment of around £1m. might be typical for Equity Capital.

Lord Plowden also stressed that Equity Capital would "not take upon itself any extreme activist role" in stirring up sleepy managements. This was an evident move to reassure those who fear it could pursue too positive an interventionist policy and be widely used as an instrument for conveying institutional discontent with companies whose shares and profits have performed badly.

Equity Capital would "not actively seek out situations for investment or intervention," he said.

One aspect of Equity Capital attracting some comment yesterday was that it has been launched with no chief executive, though one is being sought as soon as possible.

Institutions have until June 21 to decide whether to take up the offered £30m. of shares, totalling £17m. for the insurance concerns, £17m. for the pension funds, £8m. for the investment trusts and £4m each for the unit trusts and Finance for Industry.

Impressions yesterday were that, while many Scottish insurance institutions remain uncertain or hostile, many others in the insurance industry will probably participate, as will probably most pension funds. Here is a selection of first reactions:

Mr. Max Lander, chairman of the National Association of Pension Funds: "A considerable majority will feel the different possibilities of ECI will warrant the investment of the very small sums involved. We don't know if there's a gap, but we shan't find out until we try."

Prudential Assurance: "I think the fact of Mr. Moody's being on the Board indicates our willingness to give the company a chance to prove its worth."

Legal and General Assurance is understood to favour giving support, subject to studying the prospectus. **The Post Office Superannuation Fund** is also thought to be backing the new company as is the National Coal Board Superannuation Fund.

Electra House Investment Trust: The chairman, Mr. A. F. Roger said: "This house is going to support. On balance we've decided to do this, but not to commit ourselves beyond our share of the original capital."

Scottish Widows Fund and Life Assurance Society: "We're still considering it. We certainly haven't come to any final conclusion."

Scottish Amicable Life Assurance Society: "Our attitude is most definitely against it, as stated in the chairman's report. We are not a believer in the concept of the equity bank and we are not prepared to participate."

Standard Life Assurance: "We shall undoubtedly read the prospectus and make up our minds."

M. and G. unit trust group: "An unquoted non-yielding investment like this is unsuitable for unit trusts. We are unlikely to participate."

Save and Prosper unit trust group: "This group has been sympathetic. We will see the prospectus and consult the Board."

PARLIAMENT

Inflation rate still declining, MPs told

Chancellor condemns 'sour' Tory response to pay deal

FINANCIAL TIMES REPORTER

THE retail price index for April, due to be published by the Treasury to-day will show that the year-on-year rate of inflation is continuing to decline, Mr. Denis Healey, Chancellor of the Exchequer, disclosed in the Commons yesterday.

In acrimonious exchanges with Conservative MPs, the Chancellor again rebuked Opposition leaders for failing to join in the welcome accorded to the new voluntary pay agreement reached between the Government and the TUC general council. He condemned the Tory front bench for its "sour, sullen and equivocal response."

The result of the agreement, he stressed, would be to reduce the rate of inflation by half, once again, during 1977.

Mr. Healey said he had been assuming a rate of wage increase of between 5 and 10 per cent. next year when making his Budget statement. "We now know it's likely to be lower at 4½ per cent. and that the rate of wage inflation during the next wage round will be the lowest in the whole of the industrial world."

Sacrifice

This, he added, was why the achievement has been so widely welcomed not only inside this country, but also in Germany, the U.S. and throughout the industrial world.

Mr. Robert Cryer (Lab. Keighley) asked if the Chancellor believed that the 25 per cent. dividende allowance granted to ICI would convince the TUC of the validity of their sacrifice, and pressed for an assurance that the money raised in the rights issue would be used for investment in Britain.

Mr. Healey reaffirmed his confidence in the pay agreement by underlining the fact that only a few hours earlier the NUM executive had approved it by a substantial majority.

MR. NICHOLAS RIDLEY
Fall in pound query.

He went on to cite the ICI rights issue as further proof of the fact that there was no obstacle whatever to industry raising new money for investment if it wished to do so.

Mr. David Howell, a Conservative front bench spokesman on economic affairs, contrasted the Chancellor's recent talk of a British economic miracle with some of his other "extravagant claims" including that of an annual 8.4 per cent. *rate of* inflation at the time of the October, 1974, General Election.

"I now note that Mr. Len Murray is calling for even tighter price controls. Bearing in mind that means less jobs and lower investment, what instructions have you received from the TUC on that matter?" he asked.

Mr. Healey hoped that the House and the country would take notice of the "grumpy and trivial way" in which Mr. Howell had responded to a great national achievement. The rate of inflation had been halved in the last year and would be further halved in the coming year—an achievement by the British people as a whole and not just by the Labour Government, which should be welcomed by "Her Majesty's Loyal Opposition."

Problem

Commenting on the fall in the value of sterling against the dollar since the Budget, Mr. Nicholas Ridley (C, Cirencester and Tewkesbury) scornfully called on the Chancellor to explain why the "miraculous and superlative" deal reached with the TUC had resulted in a fall in the pound of 8 cents.

"Could it be that the real problem is the borrowing requirement and that the pay deal is, in fact, irrelevant," he asked.

Mr. Healey replied that the country should take account of the fact that Mr. Ridley regarded the agreement reached with the TUC as a matter for a "snigger" and urged the House to acknowledge the view of a leading West German bank official that the pound was now undervalued and that Britain had an excellent chance of an export led recovery.

Mr. John Nott, another Conservative front bench spokesman, contended that when the Chancellor got the parity of sterling and the rate of inflation back to the level when he took office, he would be able to talk with some justification of a miracle and being home and dry.

Amid Tory cheers, he accused Mr. Healey of adopting the manner of a Mr Brezhnev—a bullying and hectoring attitude which carried no weight with Conservative MPs.

Mr. Healey retorted that he well understood Mr. Nott's interest in the minutiae of Soviet politics since his own party had been taken over by the Conservative Trotskyites.

Loan level 'horrifying'—Tory

THE GOVERNMENT borrowed £157 per head of the population last year, Mr. Joel Barnett, Chief Secretary, Treasury, disclosed in the Commons yesterday.

This was described as "a horrifying figure," by Mr. Peter Morrison (C. Chester), who asked if it was now more expensive to fund the interest on the total borrowed of £8.8bn. for 1975-76 "than it is to fund the whole of the National Health Service."

Mr. Barnett replied that Conservatives "have never made yet a single proposal that would seriously reduce the borrowing requirement," but only a series of generalisations about public expenditure cuts.

Mr. Douglas Crawford (SNP Perth and E. Perthshire) asked Mr. Barnett to tell the Chancellor of the Exchequer (Mr. Healey) that he "will not be able to rely very much longer on revenue from Scottish oil for collateral against Government spending."

Mr. Barnett replied that the Government was not relying on North Sea oil for its borrowing requirement, which would be reduced in the next few years.

He told Mr. John Watkinson (Lab., Gloucestershire W) that the Government was confident that it would have sufficient funds for investment when the upturn came.

Mr. Patrick Cormack (C Staffordshire SW) wondered how the Government could justify "its grandiose nationalisation plans" when it was borrowing £600 a year for every family of four.

MPs angry over hare coursing

A LORDS Select Committee recommendation that the Hare Coursing Bill should be dropped was attacked by Labour MPs in the Commons yesterday.

Mr. Leslie Spriggs (St. Helens) said a large majority of MPs had already taken a decision to abolish hare coursing.

He called on Mr. Michael Foot, Leader of the House, to "take steps to see that the wishes of the Commons are respected by the Lords."

Mr. Foot said the Government was studying a report from the Lords and evidence on which the report had been based. He promised to discuss it with those who had been interested in the Bill.

He said many Labour MPs wanted to see how the Commons could return to this again and he appreciated the concern of those who had supported the measure.

Peers approve authors' Bill

THE Public Lending Rights Bill, under which authors will receive a payment when their books are lent by U.K. local authority libraries was given a formal third reading and passed in the Lords yesterday. *The Bill establishes* a central fund from which the payments will be made.

Whitsun recess

MPs' Whitsun holiday will run from Friday, May 28 to Monday, June 7, Mr. Michael Foot, Leader of the House, said yesterday.

The Lords recess is from May 27 to June 8.

Legislation sets record for number of sittings

By John Hunt

THE GOVERNMENT Bill nationalising the aircraft and shipbuilding industries completed its committee stage in the Commons yesterday after 58 sittings—the greatest number of sittings of any Standing Committee on a Bill in the history of Parliament.

It breaks the previous record of 57 sittings on the Housing Finance Bill.

The legislation—the Aircraft and Shipbuilding Industries Bill—is expected to have its Commons report stage before the Whitsun recess in two weeks' time.

After the holiday, it will go to the Lords where it is expected to have a lengthy and possibly stormy passage before being returned to the Commons and then obtaining Royal Assent.

The Government is expected to introduce many amendments, *mostly of a minor nature*, at report stage in the Commons. This is in fulfilment of undertakings given during the committee stage.

Some of the more important amendments are likely to deal with the promise to have a decentralised structure under the two State companies, British Shipbuilding and British Aerospace. Others will implement the undertaking to promote industrial democracy in the industries.

The measure, consisting of 54 clauses and seven schedules, involves the nationalisation of 43 companies in aerospace, shipbuilding, marine engines and ship repairing.

In a statement yesterday, Mr. Tom King, a Conservative front bench spokesman on industry, said the Government had tried to blame the Opposition for the amount of time spent *on the Bill in committee*. But he said that the Government itself was responsible for most of the delay as it first presented the Bill in April last year, withdrew it in July and only reintroduced it in November.

Damage

The Conservatives, he said, had fought the Bill as a further damaging measure which would be of no benefit to the industries concerned. *In the context of public* expenditure, Mr. King claimed that it was likely to cost more than £300m. simply to acquire the shareholdings of the companies concerned.

"This money will not be for investment in the industries concerned nor will it achieve any extra orders for these industries," he declared. "There cannot be any doubt about the damage that is already being *done to these industries* by the uncertainties produced by these nationalisation proposals."

He argued that the confusion that had been caused over the future of BAC and Hawker Siddeley Aviation may have caused permanent damage to Britain's prospects of securing its future share of international projects.

"Recent reports indicate that the French aerospace companies appear to have lost confidence in the possibility of future collaboration with Britain and are now actively engaged in discussion with U.S. companies," he stated.

Commons retirement

REAR ADMIRAL Sir Alexander Gordon-Lennox is retiring as Serjeant-at-Arms of the Commons on August 1.

The Speaker, Mr. George Thomas, yesterday read out a letter in which Sir Alexander said he felt the time had come when he should be released from his appointment which he has held since 1962. His successor is to be his present deputy, Lt.-Col. Peter Thorne.

Next week's business

COMMONS: business next week will be:

MONDAY: Finance Bill, committee.

TUESDAY: Debate on sale of council and New Town houses to tenants: Opposed private business.

WEDNESDAY: Debates on nationalisation, and on procedures for handling EEC documents.

THURSDAY: Police Bill rmg. stgs.; debate on Family Income Supplements (Computation) regulations.

FRIDAY: Private members' Bills.

MONDAY (May 24): Private member's motions; opposed private business.

Lords debates are:

MONDAY: Debate on the consultation document on transport policy.

TUESDAY: Atomic Energy Authority (Special Constables) Bill, second reading; debate on the permanent site for the European Parliament.

WEDNESDAY: Debate on recent session of the UN Law of the Sea conference.

THURSDAY: Development of Rural Wales Bill, committee; Endangered Species (Import and Export) Bill, third reading.

More jobs found for Merseyside

THE MERSEYSIDE Action Committee of the Manpower Services Commission's job creation programme announced approval yesterday for a further 21 schemes to provide temporary work for 276 unemployed.

The committee has granted nearly £472,000 to the project, which includes community association work, neighbourhood services and children's play centres. The total of schemes approved is 153, providing 2,519 jobs costing £3,835,000.

Opposition MPs attack proposed Revenue powers

FINANCIAL TIMES REPORTER

NEW POWERS of entry proposed for the Inland Revenue in the Finance Bill were described as a "snooper's charter" and a possible preliminary to the introduction of a wealth tax by Conservative backbenchers in the Commons yesterday.

Mr. Robert Sheldon, Financial Secretary to the Treasury, firmly re-stated the assessment made by Mr. Denis Healey, Chancellor of the Exchequer, last week that the proposed powers would be used, at the most, in a handful of cases annually.

Backed by Opposition cheers, Mr. William Clark (C. Croydon S.) declared: "This snooper's charter is deeply resented throughout the country and would you say whether the calling for these powers is part of the preparation for the introduction of a wealth tax?"

Mr. Sheldon stated that no extra civil servants would be required to carry out the extra rights of entry. The handful of cases in which they would be used would be the most serious cases.

Mr. John Rathbone (C., Lewes) pressed for a categorical denial that there was any connection at all "between these snoopers and a wealth tax."

Mr. Sheldon told him that the problem which had to be dealt with was increased evasion of Inland Revenue taxation. Further measures were required and this explained the provisions in the Bill.

Mr. David Howell, from the Opposition front bench, argued that there was more than one side to the question and warned the Government that *Conservative MPs found the* proposed new powers of entry "deeply objectionable."

After pointing out that there would be an opportunity to debate the issue during the committee stage of the Finance Bill, Mr. Sheldon repeated that the Government's concern was to try to reduce the amount of evasion.

Finance Bill majority narrowed to five

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT last night rejected Opposition warnings of an "autumn reckoning" when people would discover inequities and injustices created by the 4½ per cent. pay deal reached with the TUC.

Mr. David Howell, Opposition front bench spokesman on Treasury affairs, accused the Government in the Commons of inflexibility in refusing modest tax concessions—such as proposed reliefs for elderly people on small fixed incomes.

In Mr. Howell's view, the Government was turning a deaf ear to proposals of this sort—raised during further debate on the committee stage of the *Finance Bill—because it might* involve variations in the pay policy agreement and upset the TUC.

In other words, declared the Tory spokesman, Ministers could not alter the balance of direct taxation because they were concerned not to raise the level of indirect taxation.

To do so would raise the retail price index, and that could put the Government in conflict with the TUC, imperilling the delicate balance achieved in the pay deal.

It was a situation Tory MPs warmly deplored during arguments for tax concessions. Mr. Anthony Newton (C, Braintree), urging an increase in personal allowances, particularly for the benefit of the elderly, warned Ministers that by the autumn it would become evident to Ministers the strong feeling in the country over the unfairnesses and injustices brought about by the pay deal.

But Mr. Robert Sheldon, Financial Secretary, opposing the proposed amendment, pointed out that pensions had been increased three times by recent Labour Governments.

The tax system could not satisfactorily be used to make the sort of fine tuning arrangements sought by the Opposition, Mr. Sheldon maintained.

Tory MPs wanted delicate changes in the balance of its consequences which would allow differentiation of the burden between various deserving sections of the community—some of whom might be felt to be more *deserving of concession than* others.

But such delicate weighting was done far better by the Department of Social Security which could more easily take into account differing individual needs, Mr. Sheldon declared.

Opposing the amendment, he said it would £28m. But dissatisfied Tories took their proposal to a division and narrowed the Government's majority to *mere five votes* (153-148).

Loan interest

INTEREST payments on foreign loans raised by the Government since taking office in March, 1974 are running at an annual rate of £332m., Mr. Denis Healey, Chancellor of the Exchequer, stated in the Commons yesterday. Of this total, approximately £320 is being paid in dollars.

Exchange control study

FINANCIAL TIMES REPORTER

CERTAIN ASPECTS of exchange control, including dealings in the commodity markets, are currently under special scrutiny, Mr. Robert Sheldon, Financial Secretary to the Treasury, disclosed in the Commons yesterday.

"If this should show that the rules need strengthening, then the necessary changes will be made," he told MPs.

Mr. Frank Hooley (Lab., Sheffield Heeley) welcomed the Minister's statement and drew attention to the fact that certain specialist journals in the U.S. had pointed out that evasion of currency regulations and tax evasion was technically possible because of the methods used by the London Metal Exchange.

Mr. Sheldon assured him that these matters were closely watched.

Asked what was the value to the balance of payments of the London Metal Exchange, the Minister replied "About £100m."

When asked to make a further statement on the investigation concerning alleged irregularities in the Bank of England relating to currency activities contrary to the Exchange Control Acts, Mr. Sheldon answered "I cannot say more than that the investigation is proceeding urgently."

In a further reply, Mr. Sheldon stated that if the Bank of England inquiry should produce evidence of exchange control offences, further action would be a matter for the Director of Public Prosecutions.

Rejecting a demand for a public inquiry, Mr. Sheldon stated: "There are no grounds for believing that evasion in this field is widespread, and I see no need for a public inquiry."

Tax relief talks 'effective'

FOLLOWING consultations with the Treasury, life assurance offices are content with the proposed new method of life assurance tax relief, Mr. Robert Sheldon, Financial Secretary, *stated in the Commons yesterday.*

He said the consultations had been "extraordinarily effective" and hoped that this would be seen in the working of arrangements when they take effect in 1979-80.

Conservative MPs, with support from Mr. John ... from the Opposition front bench, complained of a "double standard" which permitted more favourable pension arrangements in the public sector compared with the private sector.

Rabies: MP urges stronger powers

IN THE FIGHT to keep rabies out of Britain, police should be given power to search homes to find animals which had been brought in illegally, Mr. Robert Adley (C., Christchurch and Lymington), said in the Commons yesterday.

Miss Janet Fookes (C., Plymouth Drake) said smuggled pets should be destroyed, and Mr. Emlyn Hooson (L. Mont*gomery) wanted steps to control* foxes since they were the main carriers of the disease.

Mr. James Callaghan, Prime Minister gave an assurance there was close co-operation between the Ministry of Agriculture, the Department of the Environment, local councils and the police in moves to control the spread of rabies to Britain.

He added: "This country has been fortunate to be spared this dreadful disease."

Questions on legislation should be put to the Minister of Agriculture.

Hunting Hivolt to expand

HUNTING HIVOLT, previously the Miles Group, is to invest up to £200,000 in extending and partly re-equipping *the machine shop* at its factory at Shoreham, Sussex.

The new precision equipment is being installed to meet a 40 per cent. increase in production, which includes parts for the Navy's Lynx helicopters.

Swiss company closes office

THE TAPE recorder, electronic and computer sales organisation of UHER (U.K.), a subsidiary of the Swiss combine AMBA Holdings of Zurich, is returning to the Continent only six months after setting up its headquarters in a Georgian town house in York, restored at a cost of £125,000.

FINANCIAL TIMES SURVEY
Friday May 14 1976

Norway

Despite the economic recession and its savage effect on merchant shipping, Norway's economy grew last year under the stimulus of North Sea Oil. But oil presents Norway with new problems of economic management which make the 1977 election of vital importance.

Society needs fresh values

By William Dullforce
Nordic Correspondent

OIL AND social democracy are the two most active ingredients in Norwegian society at present. They produce a *unique* situation, in which an advanced industrial society is faced with a *surplus of wealth which it* cannot possibly absorb within its economic structure. The *North Sea oil discoveries are* not only posing problems of economic management, they are also *forcing Norwegians to* reappraise values and to rethink their commitments to their *neighbours.*

This process does no imply dramatic change, because within their *social-democratic frame*work the Norwegians are essentially conservative, but it *does mean that they will collec*tively have to take some important decisions over the dis*tribution of a State oil* income which within five years will be some Kr.20bn. (£2bn.) *a year or Kr.5,000 (£500) a head of population.*

One important collective decision will be made in the general election due next year. It is possible that the Labour Party, which has governed with two breaks since 1945 and has shaped post-war Norway, will be sent into opposition.

So important is this election deemed that campaigning in effect started 18 months in advance. Few political bargains are struck or speeches made without half an eye to the election. Yet the socio-economic factors affecting Norway's future appear to be so ineluctable that a non-socialist Government could probably not change to any great degree the course on which the oil discoveries have set Norway's economy and society.

Despite the world economic recession outside their shores Norwegians have never had it so good, thanks to the oil which is only just starting to flow. Norway had a 3.3 per cent. increase in GNP last year in spite of a severe setback to non-oil exports, a shipping crisis which saw one third of the Norwegian merchant fleet idle and production well below capacity in most sectors of industry. The current account deficit rose to Kr.12.6bn. (£1.25bn.) and Norway borrowed against expectations to finance its continued prosperity and oil development.

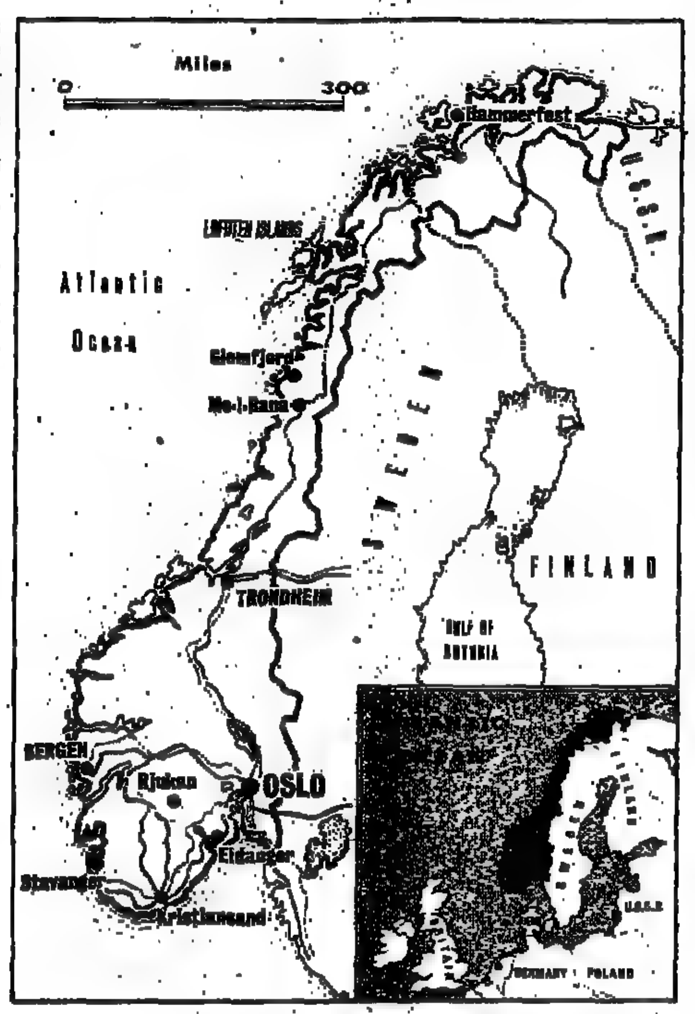
Deficit

The revised budget for the current year anticipates an increased payments deficit of Kr.15.3bn. (£1.5bn.), leaving a foreign debt of some Kr.50bn. or one third of GNP by the end of the year. GNP is expected to grow by some 6-7 per cent. with private consumption rising by over 5 per cent., against 4.8 per cent. last year. At most 1.5 per cent. of the labour force has been unemployed during the recession. The country's economic record over the past two years can only arouse the envy of its less fortunate neigh*bours, and the OECD forecasts* a steady 7 per cent. annual growth in GNP for Norway for *the rest of the decade.*

The Labour Party, governing from a minority position, can justifiably claim credit for the way it has so far handled matters. And there would be little dispute that the major part of the credit goes to Mr. Per Kleppe, the Finance Minister, who last month masterminded a unique comprehensive incomes policy agreement. He hopes that this agreement will establish a valid method of economic management, appropriately tailored to circumstances, for *future years, when the* prime task of the Ministry will be to cope with the inflationary effects *of the oil income.*

The Kleppe system is based on the use of refined econometric models indicating the varying effects on the economics of incomes, tax and subsidy proposals. It follows three principles:

- The Government is to be a party to all collective salary and wage negotiations.
- The agreement is to cover all types of income, farmers and public sector employees as well as industrial workers, and will provide guidelines for settlements with professional workers such as doctors.
- Part of the nominal increases in salaries and wages shall be covered by tax cuts and subsidies.



The agreement reached in April was based on three premises, all approved by a parliamentary majority. These were that the working week should be cut to 40 hours without a reduction in wages; that average real disposable income should rise by 3 per cent. this year; and that the farmers should receive a substantial extra increase in incomes as a start towards the target of bringing them into line with industrial workers. In effect the agreement should increase the farmers' income on average by 20 per cent., after tax this year at a cost of Kr.1.8bn. (£180m.), of which 54 per cent. will be pushed on to price increases and the rest on to the State budget.

The farmers' bill is estimated to account for 2.2 per cent. of the 9 per cent. rise in prices implied by the package. Some economists and industrialists have criticised the agreement as being too inflationary and undermining the competitive *power of Norwegian industry.* Mr. Kleppe, while acknowledging that the agreement represents compromises, retorts that without it prices could have been expected to rise by 12 per cent. or more this year instead of the 9 per cent. targeted.

Employment

Even more significant than the immediate economic consequences are the long-term implications of the comprehensive settlement, which must be taken as establishing a basic instrument for future Labour Party management of the economy. The farmers' income improvement follows the principle that all sections of the population must benefit equally from *Norway's oil windfall* and that the present Norwegian way of life should be maintained.

Farmers account for 9.7 per cent. of national employment, while agriculture contributes roughly 4 per cent. of GNP. The fishermen, who are also heavily subsidised by the Government, make up 1.1 per cent. of the labour force and contribute 1.4 per cent. of GNP. The advantages gained by farmers and fishermen from a comprehensive incomes settlement will seriously affect the cost structure of Norwegian industry and mining, which provide jobs for nearly a quarter of the work force and over 29 per cent. of GNP.

The accepted phrase is that the oil income should be used to provide "a qualitatively better life" for Norwegians without substantially changing the existing way of life. This will mean among other things an expansion of public services but at the same time a restrictive policy on immigration, so that Norway will not follow other *European countries in recruiting* foreign labour to man its services or replace Norwegians moving out of industry.

The Labour Government has also agreed that an alternative, non-oil based industry must be maintained for the day when the oil runs out, although that may well not be until far into the next century. But all the other demands being made on the oil money are so inflationary that it is difficult to envisage industry, however capital intensive and orientated to products of high *added value, being cost effective* and competitive. Industrial workers wages have just risen 42 *per cent. in two years.*

These considerations do not concern the immediate future. At least until the 1980s the oil income will be largely spent on debt repayment and financing offshore development. But expectations are high at the same time as there is much confusion about how the ideal of preserving the Norwegian way of life is to be reconciled with the overheating consequences of the oil income.

The Labour Party currently holds only 62 of the 155 seats in the Storting, but the 16 seats won by the left Socialist Electoral Association (SV) in the 1973 election prevent the five non-Socialist parties from enjoying a majority. The leaders of the three main non-socialist parties—Conservative, Centre and Christian People's—have just announced their intention of negotiating the formation of a non-socialist government should they emerge with a combined majority in 1977. The scene is set for a close battle.

Yet to what extent could the non-socialists change direction? The Centre Party is committed to the *farmers.* All the opposition parties originally accepted the Government's oil policy, and it is *difficult* to see how they can stem the effects of the oil tide on the Norwegian economy. There could be differences of emphasis, away from further State participation in industry, for instance, but some State intervention will be needed to keep industry healthy. The non-socialists would prefer to cut out the corporative tendencies in current labour market policy, which are reducing the effectiveness of the Storting, but they will still have to deal with the unions, farmers and other sector claims and have so far not indicated any alternative to Mr. Kleppe's comprehensive incomes system.

Foreign and defence policies, on which there has been more or less a consensus since 1945, do not separate the non-socialists from the Labour Party.

BASIC STATISTICS

Area:	125,181 sq. miles
Population:	3.99m.
GNP (1975):	Kr.127.03bn.
Currency:	Krone. £1=Kr.10
TRADE (1975)	
Imports:	Kr.30.609bn.
Exports:	Kr.35.727bn.
Imports from U.K.:	Kr.4.49bn.
Exports to U.K.:	Kr.8.224bn.

Economy is set for growth

NORWAY'S CAREFULLY regulated economy has managed to get through most of the major post-war recessions relatively unscathed, and this track record was maintained last year. Thanks to a series of selective counter-cyclical measures, introduced as soon as the world slump began to bite, unemployment was held far below the levels prevailing in most western industrial nations. Rising production of offshore oil offset declines in some sectors of the economy, such as shipping, and GNP rose by 3½ per cent.—in a year when negative growth rates prevailed in most OECD countries.

Now the indications are that the economy is moving into a new expansionary phase, and the authorities have warned that tighter monetary and credit policies are in the offing, as well as a gradual run-down of last year's anti-recession measures.

The latest monthly survey by the official Central Bureau of Statistics says that the slow improvement noted earlier this year is continuing. Production of export goods is rising slightly, in response to a moderate increase in foreign demand. On the other hand, though domestic demand is still climbing, this has so far had little apparent effect on production of investment or consumer goods. Instead, imports have been rising. New car sales, for example, have soared. Overall, however, the new trend has led to a decline in industry's stocks of finished goods and a definite upturn in output.

The fact that Norway has been able to maintain satisfactory growth and low unemployment all through the recession, despite its open economy, is often attributed solely to its new-found oil wealth. Norwegian offshore oil and gas, the argument goes, have enabled the country to run a high external payments deficit, financed by borrowing against future petroleum revenues.

Depressions

Previous Norwegian success in riding out international depressions, even before any oil was discovered, suggests that this explanation can only be partly true. Much of the credit for the way things have gone must be given to Norway's economic planners and the machinery and experience they have built up over the past 30 years.

This point was made in a speech last month by Mr. Eivind Erichsen, Permanent Secretary at the Ministry of Finance. Even without North Sea oil, he said, "a large-scale counter-cyclical policy would have been implemented in Norway." He pointed to developments in Sweden, where no petroleum revenue was expected.

"Even so, Sweden has implemented a sizeable counter-cyclical policy and succeeded in maintaining a reasonably high level of employment. The policy has, however, been more cautious than the Norwegian policy. If we had been in the same situation as Sweden, we would have pursued a policy similar to the one we are pursuing now, but we would—as the Swedes—have been somewhat more cautious. In particular we would not have increased the disposable real income as much as we have done, and we would have had to concentrate on less import-intensive capital formation and consumption."

Throughout the recession, Norwegian economic strategy aimed at preventing its repercussions from having cumulative effects which could produce a generally depressed economy in Norway. Prevention of large-scale unemployment was the main goal, but, to quote Mr. Erichsen again, the planners also sought to avoid "additional economic losses due to under-utilisation of resources, on top of the losses resulting from the deterioration of the terms of trade, the depressed export markets and the international shipping crisis."

The first line of defence was to keep employees at work in their usual jobs as far as possible. The second was to create new jobs and vocational training opportunities for those who, despite all efforts, lost their usual jobs, and the third was to increase unemployment benefits so as to limit the social effects of any unemployment which did arise.

To prevent output from falling too sharply in the export industries, the Government provided favourable credit facilities to encourage production for inventory. Investment was stimulated by relaxing credit policy, expanding lending by the State investment banks, increasing the Government's own investments, and granting more building permits. Consumer demand was maintained by allowing rises in the disposable incomes of both wage-earners and pensioners.

Inevitably, the anti-recession measures have led to a certain rise in the balance of payments deficit. The bulk of the recent large deficits, however, has represented an increase in the net debt of the shipping and oil companies. In the case of the latter, at least, this simply means that they are investing now in order to cash in later. Capital formation has, in fact, grown hand in hand with the rising deficits. Net capital formation, as a percentage of the net national products, increased from about 18.5 per cent. over the period 1972-73 to about 25 per cent. in 1974-1975. The balance of payments is expected to turn to surplus by 1978, and by 1980 the surplus is likely to be large.

As well as affecting the balance of payments, the Government policy led to increasing wage and price inflation. In 1974, prices in Norway increased by only 9.4 per cent., against an OECD average of 13.4 per cent., but last year the roles were reversed, and Norwegian prices rose by 11.7 per cent., against a 10.6 per cent. OECD average.

Settlement

In an effort to bring prices under control, the Government this spring successfully negotiated the first-ever combined wages and incomes settlement with the organisations representing unions, employers and farmers. The aim was to co-ordinate the wage and incomes agreements, which were due for negotiation then anyway, with the Government's economic policy, in order to attain a given development in disposable real incomes, and other economic aggregates, with smaller nominal rises in wages and other incomes (that is, less inflation) than would otherwise have been possible.

The unions agreed to accept relatively moderate nominal pay rises (on top of full wage compensation for a reduction in the standard working week). In exchange they have been promised a package of fiscal benefits—tax cuts, higher children's allowances and subsidies to keep food prices from rising excessively, even though farmers are to be paid much more for their products. The outcome, pledges the Government, will be a 3 per cent. rise in wage-earners' spending power, with inflation held down to 9 per cent. this year.

Contributions

The employers agreed to pay rises reluctantly. Their first offer had simply represented compensation for the cut in the working week. But the Government won them over by promising to cut employers' contributions to the National Insurance Scheme.

The agreement between farmers and the Government included higher product prices combined with subsidies and provision for paying holiday relief workers so that farmers could have some weeks off every year. It represented an overall annual improvement for the average farmer estimated at about Kr.11,000 (£1,100)—such a generous deal, in fact, that it caused some grumbling among trades union leaders, who feared higher food prices. This was stilled by a Government undertaking that extra food subsidies would be provided, if necessary, to ensure that higher prices did not threaten the promised 3 per cent. increase in warge-earners' purchasing power.

The package is thus clearly a compromise, and probably more inflationary than the Government intended at the outset. The employers say they have agreed to it only in order to avoid major strikes, and criticise it for trying to achieve too much at once—shorter working hours, a 3 per cent. rise in spending power and the big improvement in farm incomes—at a time when industry can least afford these burdens. Politics is the art of the possible, however, and pay agreement this spring without Government intervention would almost certainly have been worse.

Fay Gjester
Oslo Correspondent

Cost increases worry industry

After an unusually difficult year in 1975, with costs rising, profits squeezed and exports hit by the international recession, Norwegian industry is now hoping to benefit from the economic upturn already evident in many parts of the world. Industrial leaders are worried, however, that increases in costs over the past two years, particularly labour costs, could make their products uncompetitive, even on an expanding market. Moreover, the improved trend is not likely to help the ship and platform building industry, which faces special problems due to world over-capacity in these sectors.

The Government has already begun dropping hints that an economic recovery will mean tighter monetary and credit restraints, plus a gradual dismantling of the special counter-recession measures introduced last year. The President of Norway's Federation of Industry, Mr. Onar Onarheim, fears that tighter credit policies could make it harder for industrial companies to undertake vital investment.

In the revised Budget, the authorities forecast more than 5 per cent. growth in consumer spending (partly as a result of the recent combined incomes settlement), 8 per cent. growth in public sector consumption and 9.7 per cent. growth in public investment.

These developments are bound to put perilously strong pressure on the economy, Mr. Onarheim said last month. Addressing the Federation's annual general meeting, he urged action to curb overall demand, partly by stimulating private saving and partly by reducing the growth in public sector spending.

On the other hand, he repeated earlier warnings from the Federation on the dangers of curbing the supply of credit to industry. High cost levels in Norway made it imperative for industry to become more capital intensive, if full employment was to be maintained, combined with present and anticipated income levels.

All the indications were that real investment in Norwegian industry would not increase much in 1976.

It was the Government's responsibility to facilitate an adequate flow of credit to industry. The self-financing ability of industrial firms could, however, be increased only if management could persuade labour that a greater part of profits than previously should be re-invested to finance expansion and make jobs more secure.

The Norwegian Export Council says unit costs in Norway's industry rose by about 13 per cent. in 1974-75 relative to the countries which compete with Norway internationally and on the home market. The rise reflected several factors. A 6 per cent. relative increase in 1974 was due mainly to a rise in the value of the Norwegian krone, vis-a-vis the currencies of competitor countries. In 1975 there was little change in exchange rates over the year as a whole, but the wage rise in Norway was 20 per cent. against an average of only 12.5 per cent. in the OECD area.

Increase

This year has already seen a further increase in wage rates, and a marked strengthening of the krone.

The relatively strong rise in Norwegian wage levels is a by-product of the Goverment's success in maintaining employment, despite the world slump and last year's big fall in exports. Even when it peaked, last winter, the number out of work in Norway was low by international standards. Since January it has been dropping and at end March was only 1.5 per cent. of the work-force.

Anti-recession measures have been financed by borrowing abroad against future oil income. Some of the measures, such as the provision of cheap credit to facilitate production for stock, have been welcomed by industry.

About a year ago, the Government seemed ready to accept quite significant falls in industrial employment as a result of the pressures on costs and wages generated by oil revenue. In a White Paper on the role of industry in the age of oil and gas, it said a substantial move of workers from manufacturing industry to service jobs would be more or less unavoidable. Some 20,000 jobs would be lost in industry as a whole, it predicted, and no fewer than 35,000 in the sectors most vulnerable to competition from abroad. To put this in perspective, the first figure represents about 5 per cent. of total Norwegian industrial employment at present.

The Federation of Industry immediately challenged the Government view. Its spokesmen pointed out that the predicted decline in industrial employment was not inevitable. If it took place it would be a result of political choice—first and foremost the decision to let oil revenues increase domestic demand. If the Government's forecasts were allowed to come true, it claimed, sectors such as textiles, clothing, furniture and parts of the engineering industry could lose 20 to 45 per cent. of their workers between 1973 and 1980. Moreover, measures to support particular sectors would not solve the problem for industry as a whole, but simply make things worse for other sectors.

Development

The Federation pointed out, too, that the Government's apparent policy conflicted with official efforts to promote regional development. Much of the industry most affected by the foreseen reductions was located in the very regions where the Government most wanted to maintain present patterns of population. Their shutdown would lead to a further movement of workers into cities and towns already under pressure.

The Government has not been deaf to these arguments—or to the many protests from unions with members in the so-called "exposed" industries.

Prime Minister Odvar Nordli said recently, for instance, that Norway should not be "defeatist" and let good domestic industries disappear just because their products could now be bought from abroad with oil earnings. Instead, oil money should be used to give firms the best capital equipment available and to create a more skilled workforce to meet the challenge of foreign competition.

In addition, he said, the industrial environment in Norway could be strengthened by investing some future North Sea oil revenues abroad in projects which would secure Norway raw materials or create development opportunities for Norwegian business and industry. He referred to projects already planned by Norwegian firms in West Germany and the Netherlands, on the basis of Ekofisk gas to be landed at Emden.

It remains to be seen, however, whether the Government can protect existing industrial employment and at the same time fulfil popular expectations of a rise in living standards financed by oil income. The recent combined incomes settlement, for example, provides for a larger rise in domestic consumption than industry believes is prudent.

F.G.

Oil wealth brings its problems

WO FEATURES distinguish ıe Norwegian North Sea oil :ene from the British: in Nor- ay the State has been heavily ıvolved right from the first iscovery and the policy has een to hold back, not to hasten, evelopment of offshore finds. espite criticism, particularly ver the last year when the low evel of activity on the Nor- egian shelf has been provid- ıg insufficient work for the *ffshore supply industry, the* overnment has stuck to its iew. Recently it decided to ostpone for one year until 1978 ıe start of exploratory drilling orth of the 62nd parallel.

To judge by the response to ıe Government offer of new ıncessions in January, oil com- ıny interest in the Norwegian de of the North Sea has *vindled somewhat.* Neverthe- ss, there is little doubt that orway will be able to obtain ıod terms for the concessions ıd to find partners of the fin- ıcial and technical calibre it ıeks for Statoil, the State oil ımpany, which will have a inimum 50 per cent. participa- on plus a "carried interest" in ture concessions.

Three major fields, including atfjord, the largest yet dis- ıvered in the North Sea, are ıder development, with two of ıem being linked by pipeline terminals in Britain. In addi- on to the concessions offered ırlier this year the Govern- ent is planning to start drill- g in promising blocks along ıe route of the pipeline from *atfjord to the Norwegian* ıast, which is to be the sub- ct of a two-year study. It has so asked parliamentary per- ission to investigate the lay- g of a giant pipeline, running om north to south, to collect ıs from Statfjord and minor elds for landing in Denmark, 'est Germany or even again in ritain.

A Kr.2.5bn. (£250m.) petro- ıemical complex is already ıder construction at Rafnes in ıuthern Norway, with private orwegian participation, and ıe *possibility of establishing* second on the west coast in ı-operation with the Swedes is ı be examined. By buying out P's Norwegian subsidiary, the ıvernment has acquired its ın domestic distribution net- ırk, which it is running in co- ıeration with Statoil, Norsk ydro and Saga, the private l company.

Discoveries

The effect of the oil dis- veries on private Norwegian dustry has been mixed, partly cause shipowners and ship- ilders overestimated demand rigs and platforms, a mis- culation for which they me, *not entirely without* ıtification, the Government's ly encouragement. Nor- gian companies have, how- r, developed considerable hnical expertise in offshore ıineering and contracting, e won a reputation for punc- l delivery not shared by their ıtish competitors and are well ıipped for international com- *ition.*

ı dozen finds have been made on the Norwegian shelf, of which two or three are *commercially marginal. Three* fields or areas containing esti- mated proven reserves of 840m. tonnes of oil and 520bn. cubic metres of gas have been declared commercial. Calcula- tions of development costs escalate almost monthly, but it is currently said that the three developments will require some Kr.50bn. (£5bn.) in capital *investments, for which about* Kr.20bn. will go to Statfjord.

The operating companies—Phillips on Ekofisk, Elf on Frigg and Mobil on Statfjord—have run into the delays common to the new technology of North Sea offshore production. Both Ekofisk and Frigg have been delayed about 18 months beyond the original optimistic target dates, but oil is now flowing from Ekofisk to Teesside and the gas pipeline to Emden is due to be completed around the end of the year. Development of the Frigg gas field seems to be on schedule again after the setback caused when the steel jacket for the production plat- form dropped to the sea bed in the wrong place. The new deadline is autumn, 1977. The first production platform should be towed into position on Statfjord in May 1977.

Compressor and corrosion problems, one resulting in a fire, have bedevilled Ekofisk, where production is at present around 170,000 b/d, but per- mission will shortly be given to step up to the maximum of just over 300,000 b/d. Last year Norway produced more petroleum than it consumed for the first time—more than 9m. tonnes. This year targeted pro- duction is roughly 17m. tonnes.

When Frigg comes on stream in 1977 and the first Statfjord platform early in 1978, Norway will be producing close to 72m. tonnes of oil or oil equivalent a year. The three fields under de- velopment will peak at about 78m. tonnes in 1984 or 1985, well below the 90m. tonne ceil- ing indicated by the Govern- ment. New fields will have to be discovered and brought into production by then, if the rate is to be maintained. The sales value of the oil and gas pro- duced in 1980 is expected to be close to Kr.40bn. (£4bn.), of which the Norwegian State will collect about half.

Norwegian concession policy, since the big finds were made, has been to offer blocks along- side the median line close to discoveries made on the British side, in order to establish whether structures extended into the Norwegian shelf. Drilling results from the third round of concessions allotted in 1974 have been very poor, and companies have been com- plaining about the work pro- grammes to which they com- mitted themselves.

Ten companies were ap- proached, when nine new blocks or part blocks were offered in January. Shell has dropped out and the West German Deminex consortium has volunteered interest. The Ministry of In- dustry is at the same time considering the long delayed allocation of two "key" blocks, 1/9 and 24/2, the first of which Statoil was to be responsible for and the second to have been awarded to an all- *Norwegian group of Statoil,* Norsk Hydro, and Saga.

Such a move would confirm the downgrading of Statoil's role, which has become apparent over the past few months. It was previously expected that the State oil company would move into domestic marketing as a preliminary to expansion abroad: instead it is the *Ministry of Industry* which has taken the majority share in Norol, the new State distribu- tion company based on the former BP network, while Statoil has only a 15 per cent. interest. The tug-of-war between Oslo and Stavanger, Statoil headquarters, seems to be moving in Oslo's favour.

Companies

Statoil retains responsibility for operations north of the 62nd parallel, but the latest Government White Paper on this area indicates that here too it is leaning towards the intro- duction of major international companies on a purely con- tractual basis. The one-year *delay to the start of explora-* tory drilling north of the parallel was politically moti- vated. It is intended to allow time for closer investigation of the environmental hazards of drilling particularly for the north Norwegian fisheries. The delay also means that the deci- sion is effectively left to the Government which will be *formed after the 1977 General* Election.

A two-year study is about to start into the possibility of lay- ing a pipeline from the Statf- jord field across the submarine Norwegian trench and the rocky skerry approach to the Nor- wegian coast near Bergen. Mobil, the operating company, favours an offshore loading sys- tem, but the Norwegian Parlia- liament has resolved that in principle oil and gas from the Norwegian shelf should be lan- ded in Norway.

The *Prime Minister,* Mr. Odvar Nordli, has stated that Norway will be looking for in- dustrial co-operation from other countries in connection with the possible construction of a gas- collecting pipeline running from Statfjord southwards. The co-operation he has in mind would not be limited to the petroleum field. The Govern- *ment White Paper proposing* a study of the project puts the cost at between Kr.9bn. and Kr.14bn. at 1975 prices, depend- ing on the final choice of ter- minal on the continent or in Britain. The pipeline could not come on stream before 1984.

The severest criticism of the Government's go-slow oil policy has come from private industry, mainly the shipowners and ship- builders who moved so enthusi- astically into the offshore busi- ness in the early 1970s. Norwe- gians have contributed greatly *to the current over-capacity on* the drilling rig market by order- ing over 50 rigs, most of them semi-submersibles designed for North Sea operations. There is also over-capacity on the produc- tion platform side, where Nor- wegian contractors have pion- eered in concrete constructions *such as the Condeep.*

Complaints about Government policy and calls for a speeding- up of offshore activity were thickest last year, when the em- *ployment situation became diffi-* cult at some yards. In fact oil operations have not had the pro- found effect on the Norwegian labour market previously antici- pated. Some 24,000 people are working on oil-based operations at present, but they are con- centrated in a few geographic areas. Many of them, however, have been occupied in building *rigs and supply ships, where the* over-capacity has developed, creating problems especially for those companies, such as the Aker Group, which have been hit by the cancellation of tanker orders. The new Government- sponsored Guarantee Institute has offered some relief to these companies and helped maintain employment so far.

The shipowners expanded too precipitately into drilling rigs, turning a seller's market into a buyer's market, but they are nothing if not flexible and inven- tive. Several semi-submersibles have been or are being con- verted into "master construction platforms" and hotel platforms for work alongside production platforms and have been hired. *Contract prices, however, have* tumbled and owners are having to accept well under half the dollar a day per $1,000 invested, which was the rule of thumb for contracts in 1974. Last year not a single contract was signed for a semi-submersible rig apart from those already working in the North Sea. Contracts are being switched from day rates to *payment by foot of well drilled.*

The Norwegian Government offers scant hope of any improve- ment in the situation, and this is the real source of the bitter- *ness among Norwegian ship-* owners and industrialists. Until now some Kr. 16-17bn (£1.6-£1.7bn.) has been invested in the Norwegian continental shelf, in- cluding expenditure on goods and services. Of this about 20 per cent. has benefited Nor- wegian industry, although its share has been steadily increas- ing as it has geared itself for the job. *The Ministry of Indus-* try estimates that comparable investments between now and 1980 will be between Kr.35bn. and Kr.40bn. and anticipates that some 40 per cent. of this total will fall to Norwegian com- panies.

The Norwegian contractors and rig owners naturally look to the British side of the North Sea, where a similar over- capacity prevails among British contractors. Tentative talks have been held by British and Norwegian Government officials *about co-operation,* but under- standably nothing definite has emerged. Aker's Managing Director Carsten Schanche recently suggested in London that British and Norwegian companies could profitably work closer together, and Fred Olsen, the major shareholder in Aker, is already involved on the British side.

W.D.

Miles of idle tonnage

NORWAY'S MERCHANT fleet has been among the four largest in the world for about a century, and for most people in this country, the word "skipsreder" ("shipowner") used to be practically synonymous with "shrewd" and "rich." The prolonged recession in international shipping—particularly tanker shipping — however, has changed this — witness the lines of almost-new tankers moored, idle, in ports and fjords.

Shipping was once Norway's *main foreign currency earner.* Last year, though, net foreign freight earnings by the merchant fleet dropped by 23 per cent., to Kr 8.69bn. (£869m.). The fall held back Norway's GNP growth by 1.6 per cent. *in 1975—the first time since the* early 1950s that shipping has had a negative effect on growth. All told, the shipping sector accounted for most of the Kr.6bn. increase in the current account deficit, which almost doubled to *Kr.12.6bn.* Imports of ships, ordered several years ago, rose by a third to nearly Kr.6.6bn., while exports of ships fell by Kr.600m. to Kr.5.46bn.

Spokesmen for the owners like to blame all their troubles on the oil crisis—which they claim could not have been foreseen—and the ensuing recession. Sceptics say even the biggest of booms could not have provided work for the enormous amounts of tonnage ordered in the heady days of 1973, when freight rates were soaring and ordering new ships—thanks to generous depreciation allowances—was a handy way of paying less tax on the high profits then being made.

Unfortunately, shipowners all over the world were bitten by the contracting bug in 1973. Over 124m. tons of new shipping was ordered that year, four-fifths of it tanker tonnage. In consequence, despite the wave of cancellations which followed the oil crisis, the world tanker and combined carrier fleet grew by 13 per cent. from 1974 to 1975. This coincided with a drop of 11 per cent. in oil freight trade. Oil tankers have become virtually unsaleable, even at the low rates now ruling.

The slump has hit Norway's merchant fleet harder than most because of its high proportion of tankers and combined carriers (33m. dwt out of a total of 44m. dwt) and because quite a few Norwegian tanker owners have traditionally chosen to operate on the spot market, the first to be hit by bad times. Nearly 47 per cent. *of the* tanker fleet and some 27 per cent. of the combined carrier fleet is now laid up, with little prospect of employment in the near future.

Exceptions

There are notable exceptions *to the mainly gloomy picture*—companies with most of their tankers on long-term charter, or those chiefly engaged in dry cargo *and liner shipping.* As the crisis drags on, however, many owners are having to take some drastic steps to raise the cash they need to meet loan and interest payments on their ships. There are few buyers for the *ships themselves,* but office buildings and stakes in non-shipping companies have been sold.

A lifeline to hard-pressed owners was the recent establishment, on Government initiative, of a loan guarantee institute for ships and drilling rigs. The existence of the institute, partly backed by State funds, has enabled many shipping companies to raise the loans they need to cover laying-up expenses on their ships, plus interest payments on debt. It has also made *their creditors* more willing to grant temporary moratoria on repayment of shipbuilding loans.

Only a few years ago, shipbuilding was one of Norway's fastest growing industries. There was good demand for the whole *range of ship types* which Norwegian yards can produce—from giant tankers and oil rigs to highly sophisticated vessels such as LPG and LNG carriers, chemical carriers with stainless steel tanks, parcel tankers, *refrigerated fruit carriers and* roll-on/roll-off ships.

Production is still running at a high level, despite the shipping crisis, because of the time lag between placing of orders and actual delivery. Deliveries from Norwegian yards last year topped 1m. tons gross for the first time, nearly half for export. New orders have been scarce over the past year or so, however, and some yards have seen their order books drastically cut by cancellations. Though the situation varies from yard to yard, according to the type of ship produced, few companies can look forward to full employment much beyond the end of this year.

Another source of concern in the industry is the steep increase in labour costs over the past two years. This, combined with the rising value of the Norwegian krone, is threatening the competitiveness of Norwegian yards. Leading executives believe that *to meet the threat* they must increasingly concentrate on high-technology products.

Some lay-offs next year are probably inevitable, but the industry is looking hard for new orders, all over the world. The Aker shipbuilding group, one of the leaders in Norway's new platform-building industry, is negotiating with Russia about the sale of one of its H-3 rigs for drilling in the Caspian Sea. Closer to home, it is hoping for a link-up with British companies in joint development projects in the North Sea, recognising that "buy British" policies could in future bar purely Norwegian firms from winning contracts in the British sector.

North West Engineering, a group of medium-sized yards on Norway's western coast, recently secured a Kr.400m. (£40m.) contract to build ten ships for Indonesia, as part of a Norwegian development aid project. The deal will keep the group's yards and its 3,50[illegible] workers fully employed until end-1977.

While economic logic would seem to require a cut-back in Norwegian shipbuilding capacity, as part of a necessary world reduction, the Government's policy here is not yet clear. For the time being it seems inclined to help the yards keep going, where it can. The State recently increased, from Kr.2bn. to Kr.4bn., the ceiling on guarantees it will provide for loans floated by the Norwegian Loan Institute for Shipbuilders, and last year it provided both direct loans and loan guarantees to help some yards through liquidity problems.

F.C

Foreign debate turns north

SINCE THE 1972 referendum, in which Norwegians finally voted to stay outside the EEC, the main preoccupation of Norwegian foreign policy has become relations with the Soviet Union. This development, coupled with the decision to stay out of the EEC, has if anything reinforced Norway's attachment *to NATO as the forum for* ensuring its security and for channelling its views to its western partners. On the commercial side three-quarters of Norwegian foreign trade is done with the EEC, with which a free trade agreement *is* operating smoothly, but efforts are being made to find markets further afield. A minor crisis in oil politics was at least temporarily solved, when Norway became an associate member of the International Energy Agency (IEA).

The Norwegians currently have three issues at stake in relations with the Soviet Union, all concentrated in the strategic area to the north of Norway. They are the delimitation of the continental shelf dividing line in the Barents Sea, the allied question of the extension of Norway's fishing limits to 200 miles *and the subject of Nowegian* sovereignty over the Svalbard Islands. The background to all these issues is the military build-up on the Kola Peninsula near Murmansk, from which the bulk of the Soviet Union's *nuclear missile-carrying* submarines operate.

The Soviet build-up is not seen in Oslo as being primarily directed against Norway. It is recognised as a development in the strategic balance between the super-powers prompted by advances in weaponry. But in a security crisis it would make Norway a particularly sensitive country and increase the Soviet temptation to strike pre-emptively against northern Norway in order to secure its vital strategic base.

More recently, with the beginning of detente in central Europe and the conclusion of the European Security Conference, *Norwegian experts are inclined* to talk of a shift of strategic interest in northern Europe from the Baltic and Finland to northern Norway and its adjacent waters. In the post-war period this has been an area of low tension. It is Norwegian policy to keep it so, but the Soviet military build-up in conjunction with the realisation that the waters north of Norway may contain significant offshore oil reserves are opening up new dimensions, which Oslo wishes to clarify.

Clarification

It has also become apparent in recent months that the Norwegians want circumspectly to involve their Nato allies, in particular the U.S. and Britain, in this clarification. Earlier they had seemed rather reluctant to bring their allies into the picture, and the feeling in Oslo is still that the outstanding issues with the Russians will be more easily settled on a strictly bilateral basis. On the other hand, Norway's negotiating position, it is recognised, can only be strengthened if its western allies show interest in what is going on and if the Nato commitment to the defence of Norway is reaffirmed.

For the Soviet Union the Barents Sea is the base from which its newest submarines equipped with long-range nuclear missiles capable of carrying to the U.S. can operate, while the waters between the Norwegian mainland and Spitsbergen are the passage through which submarines equipped with shorter range missiles must pass, as well as fleet units heading towards the first line of defence for the Kola base along the Scotland-Iceland-Greenland axis. In talks with the Norwegians over the Barents Sea boundary and Spitsbergen, the Russians consistently underline their special security interest in the area.

It took ten years for Oslo to get the Russians to open discussion on the Barents Sea boundary, and a Foreign Ministry negotiating team had made little progress in two sessions. A third round is due later this year. The Norwegians maintain the median line principle outlined in the 1958 Geneva Convention, while the Russians seek to apply the so-called sector principle, which would draw the line much further to the west. The difference is a matter of no less than 155,000 square kilometres.

Mr. Jens Evensen, the minister responsible for mari*time limit and fishery negotia*tions, is conducting separate talks with the Russians over the extension of Norwegian fishing limits to 200 miles, which the Government has announced it will implement this year. The talks involve fishing rights for Soviet trawlers within the new limits, a matter of special interest for British trawlermen, who will be seeking similar reciprocal rights in a traditional fishing area. Mr. Evensen has suggested that a "grey zone" or provisional joint Norwegian-Soviet fishing zone could be set up, covering the disputed area in the Barents Sea, until the boundary claim has been *settled; but he has not* elaborated the idea. He will have a new round of talks with the Russians at the end of this month.

Oslo is anxious to push ahead with the fishing limit extension and has submitted *proposals* for continued fishing rights to those countries, including Britain, whose vessels have traditionally fished off the Norwegian coast. The Norwegians would prefer to settle directly with Britain and are somewhat irritated over the possibility that they may instead have to negotiate with the EEC Commission in Brussels, which has yet to formulate a final fisheries policy.

Norwegian sovereignty over Spitsbergen and the other islands comprising the Svalbard area was confirmed by a treaty signed in 1920 by 41 countries, including the Soviet Union. The treaty reserved the other countries' right to carry out economic activity in the area, but demilitarised the islands and acknowledged Norway's legal and administrative jurisdiction. The Soviet Union has some 2,000 people mining coal on Spitsbergen compared with a Norwegian population of roughly half the size, most of whom are mining another coal-field.

The Russians, while officially recognising Norwegian sovereignty, have consistently pressed for what would amount to a joint administration, seeking consultation with the Norwegian authorities before any regulations are formulated and ignoring rules, for instance, on en*vironmental control and the* notification of helicopter flights.

The Soviet aim is clearly to underline their special position on Spitsbergen and to keep out any other foreigners. This year an American scientific expedi*tion will arrive, duly authorised* by the Norwegians and abiding by their regulations. The Russian reaction is awaited with some excitement.

Foreign Minister Knut Frydenlund reiterated Norwegian policy, which is that there will be no permanent stationing of foreign troops—or of nuclear weapons—in Norway during peacetime. NATO exercises have been held *regularly in Norway* and are seen as an important part of the preparation for swift allied reinforcement in the event of an attack on the country.

W.D.

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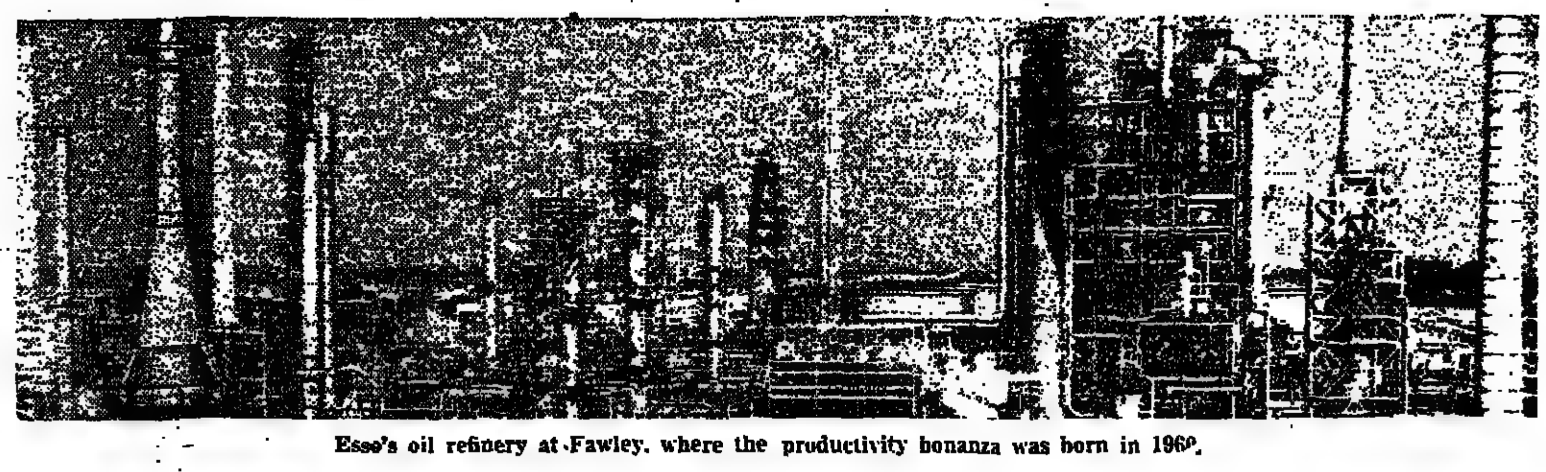
The Executive's World
EDITED BY JOHN ELLIOTT

Plant bargaining is severely restricted by the new pay policy. Therefore managements may move further away from the traditional productivity deals of the past 16 years and consider new participation approaches


Esso's oil refinery at Fawley, where the productivity bonanza was born in 1960.

Pressures for a new type of productivity reward

SIXTEEN YEARS AGO this month, at an oil refinery in Hampshire, trade union and management negotiators were busy putting the final touches to a *new type of wage agreement* that was intended to stop the plant being an embarras*singly over-manned part of an* otherwise successful multi-national operattion. The deal *was signed in July, 1960.* The plant was Esso's Fawley refinery on Southampton Water and the agreement, subsequently dubbed the "blue book," was to become a case *study for* academics, an inspiration to politicians looking for ways of relating wages to output, and an embarrassment to employers in other less capital-intensive industries.

The world of industrial relations is now strewn with ex-Esso managers anxious to grab *a little piece of the reflected* glory of such a pace-making event. But for every such *claimant, there are a dozen* personnel experts only too willing to argue that by paying *men to give up restrictive practices*, Esso did immeasurable national harm. This is partly because *it gave birth to the* idea that one had to pay up to stop undesirable practices, and *partly because it also* helped to emphasise those practices which were allowed to remain, so making it more difficult to change them.

The relevance of this is that to-day Esso is still striking productivity and efficiency deals in order to reduce its manning and make its work force more flexible. Like the rest of British industry it must therefore now find a way of coping with these problems under strict pay policy restrictions — which may well mean involving workers more in management decisions.

In Esso's case, the problem is how to persuade some of its Fawley maintenance workers to implement the second stage of a productivity deal struck last year—the "yellow book" as it may become known in time—even though the new policy indicates that it will not be *allowed to pay them £3.50 a week* extra they had been promised. Coming from the plant which is *recognised as the birthplace of* U.K. productivity bargaining, this *is* a potent example of the problems facing managements who, under last week's Govern*ment-TUC pay deal, may* not pay out any new wage extras for another 14½ months—that is *till August 1, 1977.*

During the past 10 months under the £6 pay limit, count*less wage and productivity* problems have cropped up in all industries and, *in* most *cases have been carefully* swept out of sight by managers and unions who have been confident that the next *stage* of the pay policy would allow for some extra money to sort out *detailed shop floor problems.* But the experiences of phoney productivity bargaining in the *1960s and* the need to make the next stage of the policy as watertight as possible without introducing the Pay Board type of vetting body which the unions intensely dislike has stopped any such flexibility being allowed.

Restructuring increases

The problems which this raises for managements fall into two *categories. One is where wage* restructuring increases, which need extra money, must be put on one side and the workers' kept happy in the meantime. The second is where, as at Fawley, managements want to persuade workers to change their habits and improve efficiency quite possibly without being given any direct new financial reward.

Best known among the first category is British Leyland which has faced a series of damaging disputes over dwindling pay differentials, mainly involving craftsmen. Leyland's car factories also suffer from a laboriously lengthy annual round of pay bargaining which it is hard to rationalise because of the rule that main pay rises must be at least 12 months apart.

Then there is the nationalised gas industry where a delayed pay restructuring deal for white-collar workers led to some industrial action earlier this year and must now remain in cold storage.

These are just two of the countless examples which are to be *found* across industry, and managements will frequently find there is little they can do. In theory, they could try to persuade some workers to wait for longer than a year to help rationalise pay bargaining or they could equally try to persuade a low paid worker to give *up some of his £2.50 to £4* a week limit to help change differentials. Some managements *have even managed some* wage restructuring by bargaining within the present £6.

The second category has more potential for enterprising managements, although the *success rate where* companies are able to introduce change for no extra cash may well be in *indirect proportion* both to the size of their operations and the amount of national publicity they attract. The National Coal Board and the British Steel Corporation have such problems. The NCB wants a new productivity deal to encourage miners to dig more coal but it has little chance, on present showing, of getting one.

The BSC has a national agreement with its unions under which steelworkers are being made redundant. But it is *running into some* trouble with its remaining workforce who are sometimes refusing to take *on the consequential* extra work and new manning scales without extra wages.

The task for managements here is to persuade the workers involved that their *future* livelihoods *depend on them adopting* new practices and that productivity and other improvements should therefore be introduced without any financial reward. This means involving a workforce in drawing up new ways of making an enterprise more efficient and so is directly in tune with the current trend for more employee participa*tion and industrial democracy.* A new style of productivity bargaining with job security and *shared decision making* being offered as the "carrot" instead of more cash might therefore be *tried in the coming year.*

To put this into context, one needs to go back briefly to the *Fawley deal of 1960.* This was aimed at cutting expensive and unnecessary overtime and at *eliminating equally wasteful* craftsmen's "mates" in return for a £5 a week pay rise and *a cut in weekly hours from 42½* to 40. It was only partially successful but still led on to *nine further such deals* at the refinery in the following decade during which time Esso, *with a philosophy based on* constantly negotiating changes, is proud of the fact that in*vestment doubled and* manpower was reduced by a third. On the debit side, however, the refinery *found* that the deals progressively became counterproductive as workers developed *a special sensitivity* over demarcation issues and managers had to spend an increasingly unproductive amount of time on the deals as each newly bought piece of flexibility bred its own new crop of restrictions.

Flexibility at work

New ingredients were consequently built into later deals covering *items such as flexibility* and training and then, last year, a new pace-making deal was struck for maintenance workers. This is aimed at breaking down traditional demarcation between craftsmen and semi-skilled workers and *especially* at integrating the Transport and General Workers Union into craft grades where *they work alongside craftsmen.* All members of a grade working to the "limits of their *ability" which in effect* recognises the right of the semi-skilled to do as much craft work as possible.

Pay rises of up to £5 a week were paid out for this as a first *stage in March last year* and another £3.50 was due last month when the TGWU's access to craft status was to be consolidated. Now it seems that this money cannot be paid as *an extra* although there *is* an intriguing "honour" clause in the agreement envisaging pro*ductivity changes being given* in advance of wage rises if a national pay policy intervened.

In the wider world away from Fawley, productivity bargaining became fashionable from 1960 although it also gained some immediate critics—like those, for example, who argued that the Fawley deal pushed up wages in the surrounding area without the companies involved receiving an Esso-style productivity gain. Nevertheless, the bandwagon rolled to the extent that by 1966-67 when the then Labour Government was looking *for a way out of its pay freeze*, it allowed extra money to be paid for productivity deals. This *exposure to the political hot*-house rapidly led productivity dealing to fall into disrepute as *employers joined with unions* to invent agreements that would pass muster with the Government and the then Prices and Incomes Board.

As one personnel manager put it to me this week: "I hope we never get back to the Fawley and PIB type of *models* where wage levels are distorted as the sinful are rewarded for saying *they will mend their ways while* those who have always co-operated have no sins to sell but *still want some money. Then the* sinful slip back into their old ways and ask to be bought out *again and so on up the spiral.* In fact, such deals can be a disincentive to investment because of the high cost of buying the workers' co-operation which might otherwise have been *given for nothing.*"

Talks to save jobs

In a similar vein another management negotiator told me: "You get better improvements in productivity when *you're* not allowed to pay for it, like now, because there's no money around about which the unions can posture and so you can really talk about how to improve the efficiency of your business and so save jobs."

What these managers are objecting to therefore is formal productivity bargaining in a national framework where pressures build up for bogus deals and companies are forced to pay for advances which might otherwise be obtained for nothing. Such worries are more common in labour intensive industries, where the potentially high return of an effective *productivity deal is too often* outweighed by the equally high risk of an expensive failure if *the deal founders, than in a* capital intensive operation like Fawley.

It may well be that the new tight pay policy will not be so unpopular among managements as some would have one believe. The expected upturn in the economy will itself boost earnings through increased overtime and through the rewards of existing productivity, piecework, and other output related schemes.

The main problem in fact will be the risk to the credibility of the policy if there are constant outbreaks of industrial action in British Leyland and other parts of the engineering industry over pay differentials and other pay structure problems. *It is these sorts of problems* that both the Government and the TUC has accepted will have to be sorted out in 1977-8.

The challenge for management therefore in the coming *year is to harness the co-operative* mood inherent in the Government-TUC proposed deal as well as the growing interest in worker participation and the *constant fear of unemployment.* It would be logical to argue that if workers and shop stewards *want a share in the management* of their enterprises, they should be prepared to co-operate *in improving efficiency without* wanting constant financial "carrots" — especially when *they will be securing their own* future employment at the same time. Such exercises can also provide a role for shop stewards whose main traditional wage bargaining function must remain largely in cold storage. The original Fawley concept of productivity bargaining for cash may therefore have become widely discredited and overtaken by events, but it could lead on in the next year to a new style of participative bargaining.

John Elliott

... company occupational pension schemes are also hit by the policy

Whether to contract in or out

THE TERMS OF the next phase of the pay policy will not help employers in making up their minds about what to do regarding pension provision for their employees. Despite strong *representations over* the past 12 months by the pensions movement for complete freedom, the Government and the TUC have decided that improvements to occupational pensions will remain subject to pay limits.

What this means in terms of the two-tier pensions framework —a basic flat rate, plus an earnings-related benefit—introduced under the Social Security Pensions Act 1975 is that any employer exercising his option to contract out of the second tier to provide his own occupational pension scheme will be subject to pay restraint on any improvements in benefits provided.

The state scheme is scheduled to start in April 1978, but because of the necessary consultation and documentation, employers will have to make the basic decision—to contract in or out—well before the end of 1977. Failure to take this step in plenty of time could well result in employees remaining in the State scheme by default.

But those employers who take action in plenty of time *and introduce pension schemes* or improve existing ones beyond the minimum contracting-out level will find themselves penalised in that the cost of such improvements will count against the weekly pay limit. Few, if any, employees are likely to accept this sacrifice, so there is pressure on employers to hasten slowly on pensions.

One reason why the pensions industry was seeking exemption for pensions from the pay policy was that some employers were adopting a "wait-and-see" attitude in considering the future of employee's pension, despite the fairly tight timetable for taking action on pensions.

As far as employers are concerned the basic decision of private or state pension provision should be based on long term considerations of the future of the economy well beyond August 1, 1977 when the next pay-policy phase is scheduled to end. If the employer considers that the future is going to be a series of restrictions and "free-for-alls," then he would be playing safe by staying in the state scheme.

Similarly if employers make *a comparison between a private* scheme which provides only minimum benefit levels and the *state scheme they will find that* contracting out would offer no advantages on either financial *grounds or in benefit provision.* Again, employers have to look beyond the immediate future and *make comparisons between* state and maximum private provision.

Another argument put forward by the pensions movement was that, without freedom, com*panies could improve their pen*sions schemes only in a piecemeal fashion, rather than in one *operation as many employers* wanted and which offered cost savings—for example, pension *consultants' time is expensive.* But employers have to accept the facts as they are and if they decide that, *in the long term*, private provison is best then they must plan for improve*ments up to the minimum level* now and further changes to the ultimate level when the restrictions are lifted.

In this respect there is a ray of hope: There are some signs that the pay policy, if not completely abolished when it comes up for consideration next year, will offer several concessions. If so, employers could delay improvements until after July next year and then go for the desired level.

There is one over-riding factor that employers must remember in considering whether to contract out or not. If they contract-out and then find that it has not worked out for one reason or another they can always buy back into the state scheme. Amendments have been made to the Act following pressure from the pensions movement which ensure that the buy-back terms will be linked to market conditions so that the employer will not be financially worse off. But if he goes into the state scheme, he will find it virtually impossible to reverse that move and contract-out.

Finally, the present pay-policy restrictions could turn out to be the silver lining in the cloud. The employer wishing to test the water in respect of private pension provision can set up a scheme providing minimum benefits and this will *also keep his financial commit*ment to a minimum compared with the cost of implementing a *full-blown* scheme. *Subse*quently, when the restrictions are lifted, he can then assess *whether* to *continue or buy*back.

Eric Short

Front line training

A FRAMEWORK for company training of "front-line" managers has been produced for the British Institute of Management by Mr. Bert Walls, a specialist with the Irish Management Institute.

The framework consists of 1½-hour modules, including overhead-projector slides and cassettes, which can be built up into a five-day training system costing £250. There are five main topics — *the nature of* management work; motivation and leadership; communication; control and discipline; and industrial relations.

The system is designed so that, in the hands of a company training officer, it can be enriched with in-company material so as to provide a specific learning exercise for up to eight "front-liners" at any one period.

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FRIDAY, MAY 14, 1976

Let's give it a chance

THE BIRTH-PANGS of Equity Capital for Industry, the prospectus for which was finally published yesterday, have been prolonged by a number of well-publicised disputes between the financial institutions which will be principally concerned with its development. The fundamental dispute has turned on whether there is a need for a new organisation of this kind an whether any company that is financially sound can already obtain the equity capital it needs under existing arrangements: technical arguments — about solvency ratios, for example—have been secondary.

But the fundamental dispute has had a political tinge from the outset, since there was a time not so long ago when it was not easy to raise new equity capital and various members of the Labour Party and the TUC have got into the habit of blaming our financial mechanism for the relatively low rate of investment in industry. If this initiative, which was sponsored by the Bank of England, had come to nothing, left-wing pressure for power to direct the investment decisions of the major institutions might well have increased.

This may seem a remote danger at a time when the market in rights issues has been flourishing on an unprecedented scale, but it probably accounts for the fact that some people who originally opposed the new venture are now actively supporting it. Only an actual trial, moreover, can show whether or not there is a gap in the capital market to be filled and, if so, how large it is.

Fears removed

Given its embryonic history, it is natural to appraise the new organisation first from a negative point of view, and the prospectus shows clearly that most of the original objections—those, at least, that were of practical rather than ideological force—have now been met. The original capital of ECI (which will comprise a company and a unit trust, to meet the different tax needs of the subscribing institutions) will be not the £500m. once mentioned but £50m. It will be able to raise only 50 per cent. of this sum in loans and no new equity capital can be raised except through a Special Resolution, which means a 75 per cent. majority of shareholders. The organisation will be able to grow, therefore, only if it is successful and can be wound up if it is not.

This should do much to calm theoretical fears about responsibilities to policy-holders and pensioners and should remove arguments based on solvency ratios—the Board of Trade has *undertaken to look at its rules on this point if the growth of* ECI eventually makes this necessary. What is more, although ECI will examine the ability of management in firms which approach it and "monitor" their subsequent performance, the idea of using it as a means through which institutional investors would interfere more actively in company *management has been all but* dropped.

From a more positive point of view, the calibre of the directors suggests that ECI will be a well-run organisation, ready to support suitable companies, usually in manufacturing, yet uneager to help lame ducks.

An experiment

The size of its capital will clearly limit the scope of its operations, particularly at the outset, and the nature of the gap it is designed to fill implies that adequate returns may be slower to appear than usual; but the aim is to seek a maximum return in the long run. Nobody can say with certainty whether or not the Macmillan Gap of the 'thirties has since been satisfactorily filled by the development of new institutions, and the present system of raising new equity capital through rights issues is at times somewhat rigid. The experiment, especially given the political context in which it was first conceived and the political pressures which still persist, is worth making. If it fails, relatively little will have been lost and a useful point will have been made. After all the months of bickering, ECI has begun life—even if it still lacks a chief executive. It deserves to be given its chance.

Dangerous waters for Britain

THE BRITISH Government is making itself ridiculous. The policy of providing naval protection to the trawler fleet off Iceland is not producing the desired cod catch. It is not accompanied by any very evident wish on the part of the Government to resume negotiations and it is not compelling the Icelanders to give in. The policy also depends on the Royal Navy playing a role for which it is entirely unequipped and it jeopardises the future of the U.S. base at Keflavik. There is no support from the NATO allies and only in the past few days has there been any sign that the Government is beginning to think about a policy for the fishing industry as a whole

Escalation

What is more, the situation could very easily get worse. To see this, one has only to imagine an all too likely development. What will happen if a British frigate, with all hands on board, is sunk? Will the Government simply send in another, and another and another? Or will it retaliate by sinking the Icelandic patrol boats? Alternatively, what will happen if the Icelandic vessels are sunk even without a frigate going down first, as very nearly was the fate of the flagship Tyr last week? One possibility is that the escalation might just go on with the Icelanders maintaining the initiative because the British are fighting, and are obliged to fight, with their hands behind their back. Another is that by a process of attrition the British might claim victory. Yet the fact is that victory by force is impossible because the political price is too high.

Ultimately, that price is Keflavik. It is true that the present Icelandic Government is pro-NATO, but the Keflavik base is the best card it has and if it chooses to play it, it is probably unbeatable. The Americans use Keflavik to monitor the activities of the Soviet northern fleet, which is among the biggest single concentrations of Soviet military power. If the Icelanders threw them out, it would take up to three years to build an alternative, even if that were politically possible. To put such an invaluable asset at risk could only be justified by supreme British national interests. The British interests involved are, in fact, less than 100,000 tonnes of cod a year and the redeployment of a few thousand jobs in an industry which must in any case shortly seek new directions for the time when Iceland's 200 mile limits become internationally accepted and Britain has expanded limits of its own.

There are, of course, other, more personal interests. Mr. Callaghan, who was Foreign Secretary when the dispute began, is a very stubborn man: as he showed by his claim for the separate seat at the consumer-producer dialogue, he finds it easier to get into a corner than to get out again. His successor, Mr. Crosland, is the MP for the fishing constituency of Grimsby.

NATO meeting

The Ministers concerned have an interest in seeing the present policy work. By any objective criterion, however, it would only work if it were producing the fish and persuading the Icelanders to reach a negotiated settlement. It is not doing so. The Icelandic Government has repeatedly made it clear that it will not negotiate while the Royal Navy is operating in the disputed waters. Even now it could be taken at its word and Britain could seek to resume the talks at or even before next week's meeting of NATO Foreign Ministers. The alternative is escalation of a war that cannot be won. It is a far-fetched comparison perhaps but the Government might recall the events of 1956 when a previous British Government came a cropper not because it lacked military capability, but because it lacked outside support and political judgment.

A substantial recovery of sales has improved the picture for the chemicals industry. However, **Rhys David** reports a mood of caution

Chemicals come out of the doldrums

THE GLOOM is lifting from the chemical industry: ICI this week reported a substantial recovery of sales, especially of exports: Bayer, the German major, forecast a rise of as much as 20 per cent. of its sales this year. The other two of the German Big Three, Hoechst and BASF, have also reported a strong recovery.

Both ICI and Bayer have decided to go ahead with rights issues, in the case of the British company, which wants to raise £200m., the biggest ever made in Britain. It is intended to fund some of the major investment it plans to make during the next few years.

But while the higher output being achieved in some countries has been greeted with relief by British producers, the optimism which usually accompanies a swing out of recession is rather qualified this time.

Executives within the industry are conscious that the economics of chemical production, perhaps more than in any other sector of industry, have been radically changed since the oil crisis, and perhaps more *fundamentally in Britain than* elsewhere.

Nor have the advantages conferred on the British industry, first by the availability of a secure source of feedstock in the form of North Sea oil, and secondly by the much more competitive exchange rate, made much difference to their relatively subdued assessments for the medium term. For many companies the medium term problems look no easier to overcome than the difficulties with which the industry has struggled over the past two years.

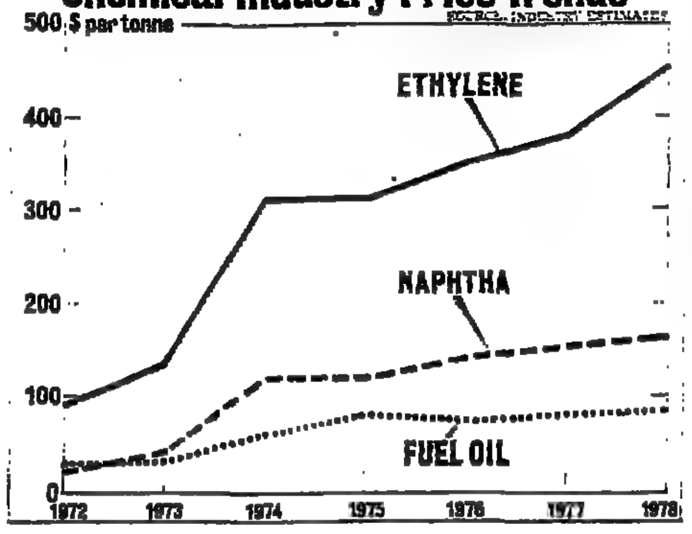
Recent cost increases

The main problem is prices which, according to the big companies, still only partially reflect enormous recent cost increases. Though demand has returned it is at prices which the industry regards as well below the level necessary to justify the substantial further investment required if shortages are not to develop before the end of the decade. While prices throughout the recession have been somewhat higher on the Continent the same message was given to an international gathering in the Netherlands at the end of last month by Shell, which warned that the consumer in the end stood to suffer if the industry could not correct its price weakness.

The reason for the industry's concern — at a time when in Britain, for example, there is some chance of wage costs being again contained this year —lies in the changed relationship which chemicals now have with the oil industry, the supplier of its principal raw material. This is naphtha.

In many parts of the world the oil companies have lost ownership of oil and have been forced instead to act as contractors for the producing countries. The result, as Mr. Geoffrey Paton-Williams, an ICI Petrochemicals division director, told a conference in New York this month, has been to force the oil companies to seek profit from their refinery operations instead of at the well-head. At the same time there has been a major change in the marketing situation in which the oil companies find themselves. The spate of warm winters, the substitution of coal for oil in power stations, the "save-it" campaigns, and the recession have all forced the oil majors to seek their profits in two markets which have remained relatively buoyant: petrol and petrochemicals feedstock. A surplus has developed in the heavier products from refineries which are used as industrial fuel.

Chemical Industry Price Trends



As a result, from being a drug on the market at one time, naphtha feedstock has now become a premium product and has risen in price from around $24 a tonne in 1972 and $42 in 1973, to $140 a tonne now. "*The reality from now on is* that we have moved from surplus to full-cost standards for our raw material," according to one senior ICI executive. The industry will probably be faced too with further increases of naphtha costs to meet the cost of adapting oil refineries, so that the heavier and at present unwanted refinery products can be used for petrochemical feedstock. More flexible chemical plants will also have to be built to cope with different feedstocks.

In Britain there is an added complication as a result of the devaluation of sterling in relation to the U.S. dollar, the currency in which oil is priced. "As far as we are concerned there is an immediate and automatic increase in price with each fall in sterling's value. *These increases are coming* before it has been possible to recover other increases in the cost of raw materials," Mr. Gerard Fairtlough, managing director of Shell Chemicals U.K., states.

In some competing countries the situation is reversed as a result of exchange rate movements in the opposite direction.

The other problem facing chemical companies around the world, and particularly those in Britain, is the enormously inflated cost of constructing new capacity, coupled with technological limits to achievable economies of scale. The post-war history of chemical production has been one of rapidly increasing plant capacity giving economies of scale and cheaper end-products. That was an important factor in reducing the price of ethylene from £135 per tonne in 1952 to only £35 per tonne by 1972. By the first quarter of this year the cost of ethylene was up to £160 per tonne reflecting not only the dearer feedstock but the end of *the era of simply increasing* plant size to reduce unit costs. "Plants generally are reaching the limit of size. It is becoming nearly impossible to build larger vessels even with fabrication at site. Compressors are nearing the size limit from the standpoint of transportation to the site as well as construction. In addition bigger plants represent a bigger risk. With raw materials and energy representing such a large part of the total price of products, savings in unit capital have a much smaller impact," says Mr. Rex Thomas, European pricing manager for Dow

The greatly increased cost of building plant of even the same size as in the past is illustrated by the BP-ICI naphtha cracker, currently under construction at Teesside. It will *produce 500,000 tonnes of ethylene* a year and is to cost £135m, a vast jump above the £22m. spent in 1969 on a 460,000 tonne plant. Nevertheless, as Mr. Rowland Wright, chairman of ICI, pointed out recently, it will still be cheaper than any cracker that ICI will ever build again. With all these cost increases to be absorbed, a rise in the price of ethylene from to-day's *price of £160 to a level nearer* £300 per tonne will be needed, if the money is to be found for future investment, the industry says.

But while the need for much higher prices is being stressed, the market is still not strong enough for all the price rises already authorised to have been implemented. The industry is now hoping that increased demand over the next few *months* will make it possible to harden prices further and a number of major companies are currently pursuing applications with the Price Commission. ICI has recently announced that it will be going back to the Price Commission for the third time since December to ask for a 10-15 per cent. increase for a range *of products, largely because of* naphtha price increases. Similar moves have come from BP and Shell.

Shell which is poised to make a decision some time this year on whether to go ahead with a new ethylene plant, probably in the North West, has made it clear that substantial further price increases will be necessary before it can make the return required to justify the estimated £160m.-£200m. needed for the project. With costs rising much more steeply last year than prices, Shell Chemicals (U.K.) lost £2.5m. on turnover of £228m. and reckons it would have to raise profits well above the £20m. achieved in its record year of 1974 to embark on a major scheme.

Equally important to the industry as a whole is a further reduction of the overall rate of inflation which is adding greatly to cash flow requirements and diverting money that could otherwise be devoted to capital investment. The industry as a whole, according to the Chemical Industries' Association, will be forced to find an extra £2,000m. to finance working capital over the next three years.

Freddie Mansfield

Mr. Rowland Wright, chairman of ICI: funds from Britain's biggest rights issue.

Thus the prospect is for substantial further increases of the prices of some of the products made by the chemical industry, yet if the industry is much more successful this year in implementing price increases, it could threaten the viability of some of its customers. Man-made fibre *producers have been finding* it even more difficult to pass on price rises to customers, as shown by the £30m. loss on *fibres recorded by ICI last year*, and the similar losses of other producers throughout Europe. Fibre prices have begun to move up in recent months, but the industry is still suffering the aftermath of falls sustained last year as a result of competitions from cheap fibres produced in the Far East and the U.S.

Downstream customers

Just as the relationship between the oil companies and their chemical customers has changed, so has that between chemical producers and their downstream customers. In some cases the industry can no longer afford to supply its customers at prices they can afford to pay, and stay in business, and invest. For their part many of the customers, particularly at a time when extra cash is needed to restock, cannot pay higher prices. That is one reason why the chemical producers are seeking to establish a pattern of fairly regular increases in order to ease some of the disruption of massive one-step increases.

Ironically the industry finds itself faced with these problems at a time when, as a recent NEDO report pointed out, a crucial stage in its development has been reached. The report, on prospects up to 1985, stressed the importance for Britain of a large and healthy chemicals sector and pointed to the opportunities available for British and overseas companies to exploit North Sea energy resources. It also called on the industry to bring forward projects, where possible, to ensure that no prospective export opportunities or home market shares were lost through shortages.

The industry is of course well aware of these opportunities and with demand picking up there is some evidence that schemes which were delayed last year are now being reinstated. The Chemical Industries Association in a recent review of *investment* intentions warned, *however*, that plans remain "very fragile" even though on paper companies are forecasting expenditure totalling a record £2,500m. over the next three years. The industry's cautious response to the opportunities now available through the existence of North Sea feedstock is an illustration of this. The *joint* BP-ICI ethylene plant is only one of a number of such plants which the British Government would like to see built to increase capacity for the manufacture of this vital chemical building block.

Other companies are delaying decisions on whether to go ahead with similar schemes, and much of the investment that is *taking place involves smaller* scale, much more selective projects. One of the biggest schemes announced this year, a 120,000 tonnes ICI polypropylene plant using propylene derived from oil-based naptha, is going to Holland to meet growing European demand for this plastic.

Before deciding to accept the *urgings of NEDO and the* Government, British and overseas companies will probably want to be sure that a much higher rate of return can be earned against a background of decreasing inflation and greater currency stability. In chemicals as in so many other areas of the British economy, North Sea oil may be an important asset but it is not likely to prove enough of an attraction by itself.

MEN AND MATTERS

Government bodies fall out . . .

I have long been suspicious of the proliferation of Government sponsored bodies financed by public (that is, yours and my) money and charged with looking after our interests whether we want it or not. It was surely only a matter of time before loosely worded drafting of terms of reference or some other situation brought an internecine and wasteful conflict between two such agencies, and so it has proved.

The National Consumer Council yesterday took the unprecedented step through its chairman Michael Young of releasing to the Press a letter which he has sent to Lord Orr Ewing, chairman of the Metrication Board. Young is incensed that requests for access to the Board's research into public awareness and attitudes towards metrication have been met with a demand for a £25,000 fee for the information.

It really is a silly story. The White Paper outlining the tasks of the NCC (current budget £300,000 a year) specifically taxes it with responsibility for keeping an eye on the effects of metrication on, for example, older people. At the same time the Metrication Board is required by the Government to impose charges when it releases its survey material to the outside world in order to recoup costs (some £50,000 over the last seven years).

Young trumpets. "This obstructionist approach seems wholly unjustifiable. It is the antithesis of open government." Metrication replies. "Charges are open to negotiation and we are surprised that Mr. Young has decided to publicise this affair without discussion." Please, somebody sort it out.

. . . and Zealley comes in

The appointment of Christopher Zealley as chairman of the Council of the Consumers' Association, may mean that the somewhat staid association will take on a more aggressive sance. Zealy is a relative newcomer to CA, and was therefore perhaps not the most obvious candidate for the job.

At 45, he is currently the director of the Dartington Hall Trust and chairman of Social Audit, the pressure group which has expanded the meaning of the word "consumerism" into the question of the public accountability of companies. The son of a director of ICI, he worked for ICI for 10 years, leaving to join the IRC as an executive. From there he went to Dartington Hall.

Dartington Hall has a long-standing link with the consumer movement. It was the founders of the Trust—the Elmhurst family—who helped in the setting up of the Consumers' Association in 1957 (by the same Michael Young who is still a trustee of Dartington).

Zealley is a close friend of Young, and shares some of his views on the role of the consumer. "It is palpably desirable that the man in the street should realise he has political power as a consumer but despite all efforts by consumer groups, the average man is still not aware of this power." he says, but does not, however, go all the way with those who favour consumer representation on company boards. "Just as there are problems of conflicting interests for worker-directors, so there could be problems for consumer-directors."

Ironically in view of the NCC/Metrication Board argument, Zealley sees the strength of the CA in its independent financing and its ability to do thorough research.

Drastic action

The suspension of the share quote of British Debt Services at a price of 8p yesterday was accompanied by all the expected *ribaldry in the Stock Exchange* about a debt collector going broke. Obvious irony apart, however, the truth is somewhat different: negotiations are taking place with a view to a merger with another (unnamed) group in the same business.

The chairman and controlling shareholder in BDS is still its founder John Bentham but for the last two years the prime moving force has been Michael Bird, 33, who came in as management consultant from Binder Hamlyn Fry when the group fell on troubled times, and stayed on as managing director.

Bird inherited three main problems, two of which were related to the group's policy of buying debts for collection rather than just taking a commission on the collection of other people's debts. When the company stopped buying in debts in December 1973 it had a backlog portfolio of £9m. to clear, and lengthening collection periods plus rising interest costs made for book losses—even though actual collections generated a positive cash flow. The third problem — by no means rare — was a new computer system with all the attendant bugs.

Bird has managed to reverse the trend by using an extension of the 80/20 principle (that 20 per cent. of customers cause 80 per cent. of problems). He discovered that just 5 per cent. of the group's 5,000 clients produced 90 per cent. of total income, and has adjusted charges to take this into account.

But even he has accepted that there is a limit to what can be achieved by internal measures. "We could continue making nominal profits in the short and medium term," he said yesterday. "But to have a more profitable business long term required more drastic action." That in turn meant merger discussions, and with the narrow market in the shares, merchant bankers *Leopold Joseph* advised the suspension request.

Obviously

Female logic note supplied by a disgruntled reader woken by his 'phone ringing at 6.00 am. The woman at the other end enquired whether my reader was the railway station. "No," he replied firmly, "I am definately not the railway station." From the other end there was a short pause and then: "Mmm. I didn't think you were because if you had been you wouldn't have answered."

Observer

POLITICS TO-DAY BY DAVID WATT

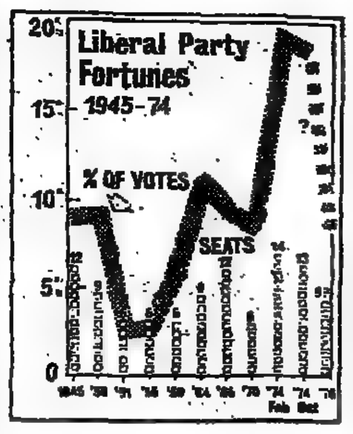
Sympathy not enough for the Liberals

HE BLOOD of the martyrs. so we are told on good thority, is the seed of the hurch. If so, the Liberal party ould be sprouting nicely: st Mr. Peter Hain, then Mr. remy Thorpe. And now we e promised a final act of in- mination later this summer Mr. Jo Grimond obligingly lls upon his sword in mid- reus.

Bags of sympathy all round. nd do not let us despise mpathy as a political com- odity. It has been a staple ortion of the Liberal Party's urvival-rations for many years. He's a decent enough bloke," e hears it said of some possible Liberal candidate. "I ouldn't want him to lose his posit." In Britain, every nderdog has his day. But what the longer-term reality? Let forget for a moment the palling shambles of the past w weeks together with any ansient emotions thereby oused, for good or ill, among e spectators, and ask what nd of a party, with what ospects, the new Liberal ader will inherit when the ne comes.

Arithmetic

At first sight the answer is eply depressing for the berals. The electoral arith- etic is bleak indeed. In the st place, they are now in nost exactly the position they cupied ten years ago. The test opinion polls (taken fore the final denouement of e Jeremy Thorpe saga) show e party bumping along at mewhere around the average r the 1960s—that is a little ider 10 per cent. The great surge of support which took them to their high opinion-poll summit of 28 per cent. about August, 1973, and which netted over 5m. votes in each of the general elections of 1974, has receded. The particular advances which were then made —among the young, among women, and among blue-collar workers—are precisely those

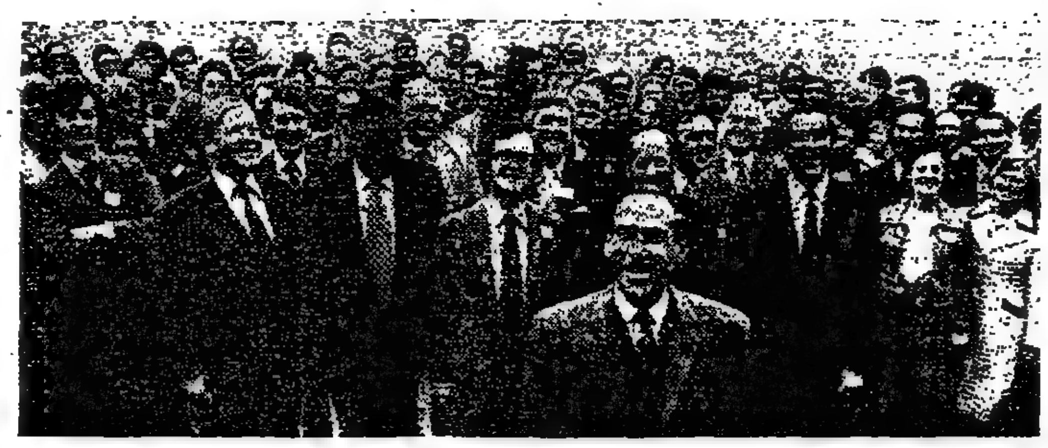


that a detailed analysis of the polls tends to show have now been wiped out. It is back to square one.

If one looks at the distribution of Liberal support the situation is still more forbidding. Even in October 1974 the party was beaten back to the geographical fringes of British politics. With the exception of the two industrial seats of the Yorkshire-Lancashire borders (Rochdale and Colne Valley), all seats now held by Liberals are predominantly rural and remote. Three are in the West Country, two are in darkest Wales, two are in the far north of Scotland, and two cover large tracts of sparsely populated Border country. The two "insular" constitutuencies of Wight and Ely are not exactly metropolitan either.

Ah, say the optimists, but think what potential we have! In the October election we came second in no fewer than 100 constituencies. The catch is that in only a tiny handful of these 100 are the Liberals within striking distance of the front runner. The ten where the Liberals come in second to Labour are hopeless. Most of them are Labour strongholds such as Ebbw Vale and Bethnal Green. Even the most promising of them—Leeds West—would require an implausible swing of 9.1 per cent. from Labour to Liberal. The 90 Conservative-held seats offer better chances but not more than 20 of them can really be regarded as even remotely within range, considering that the distances we are talking about were paced out at a time when the Conservatives were more unpopular than at almost any period since the war. And, here again, it is interesting that nearly all of the 20 are in rural areas. The great prospect of a break-through on the lines of Orpington or Sutton and Cheam based on a revolt against the Conservatives by suburbanite rate payers and commuters — does not, for obvious reasons, seem to be on.

The conclusion suggested by all this is not exactly original. It is that Liberal revivals of any serious magnitude only occur under unpopular Conservative Governments. There is, as all the surveys show, a bedrock of support for the Liberals



The lost leader: Mr. Jeremy Thorpe musters liberal MPs and party workers on Scarborough beach during the party conference last September. His successor, Mr. Jo Grimond, was not there at the time.

in all classes and all ages of the population, but it is too low to do much more than keep the Liberals in being as a token presence except at times of extraordinary discontent.

The idea that the anti-Conservative revolt of 1973 and 1974 would project Liberalism permanently beyond that invisible psyhcological barrier which is labelled "a Liberal vote is a wasted vote," has been proved wrong. In some country areas the Liberals have managed to re-establish themselves as the radical alternative to the Conservatives—perhaps because the Labour Party has appeared to be increasingly dominated by the interests of industrial trade unions and of the conurbations —but elsewhere the main marginal increases in Liberal votes have come from disgruntled Tories, who naturally returned to the fold when the traditional Labour enemy is once more presented as the main target.

On the basis of this appraisal, it is possible to erect a somewhat cynical but perfectly reasonable, minimalist strategy for the Liberal Party. A leader of a conventional, mildly conservative kind—let us say, Mr. Emlyn Hooson — might well argue that the best that the Liberals can do is to keep the ball in play and wait on events. According to this scenario, the party cannot make any great progress in the next couple of years or at any rate until the next general election, and it should employ the time in consolidating its financial base and increasing its appeal and organisational strength in the rural areas. Its chance will come, on this assumption, during the course of the subsequent Thatcher Government which is bound to alienate a large number of Conservatives, even if it does not end in political or economic disaster. In the meantime let the party avoid being too radical or original, for that will only hamper the natural Liberal harvest of Conservative discontent when the time is ripe.

This is all very well but it overlooks a good many difficulties—some obvious, some less so. The chief flaw, of course, is what may be happening while the corn is ripening. Supposing that Labour wins the next election. Supposing—as is all too probable—the Liberals make a net loss of at least four seats (including Mr. Thorpe's), and have to take fifth place in the House of Commons behind the Scottish National Party and the Ulster Unionist Coalition. Could a party in that position really regain its credibility even under the most incompetent of Conservative Governments?

Then what about the genuinely radical wing of the party? The Young Liberals may be a bit batty and some of them are by no means as young as they were, but organisationally they are vastly important since it is the ywho are prepared to do much of the donkey work in the constituencies. There is also the general problem of the young whose support for the Liberals in both 1974 elections made an enormous difference and whose enthusiasm could still be revived.

Minimalist

A look at these considerations leads to a rather different conclusion—and it is that the minimalist solution will not really do. The party might in theory survive in name, with two or three MPs and a handful of peers keeping the flag flying at Westminster; and its arms would no doubt be spread wide to receive either Conservative defectors under a Thatcher Government or half the Labour Party, if the great realignment at the Left ever comes about. But in either case the Liberal stock will be so weakened that the new grafts, either from Right or Left, would overwhelm it.

No. The risk has to be taken of making a more positive appeal under a more dynamic and aggressive leadership than Mr. Thorpe was able to provide. Mr Grimond, 15 years younger, might be the man for the moment but as things are Mr. David Steel or Mr. John Pardoe will have to do the job

Volatility

The main task is to build on the possibility that things in future may not in fact be the same as they have been in the past. There is plenty of evidence of volatility among the electors and it is a volatility that gives every promise of increasing. The fact is that both main parties have moved away from the centre in the last few years and there is a vacuum waiting to be filled. In Scotland it is already being filled by the SNP but in England and Wales there is, in theory at least, now space for a Liberal revival which does not rely nearly so heavily upon Conservative discontent as previous ones have done.

The assault on inflated power —of the unions, of the party machines, of insensitive central government, and inefficient local government—is waiting to be made by the Liberals. The Conservatives cannot make it because they have been implicated in it. The Right wing of the Labour Party cannot make it because it is muzzled. Transatlantic comparisons are usually misleading but the success of Mr. Jimmy Carter is a reminder that a fresh approach—even if it is a vague, as well as a rather eccentric one—can scoop the pool.

Letters to the Editor

Monopoly power

om Professor A. Merrett

Sir,—After some reflection on e question of incomes policy, seems to me that there is important concealed con- leration which drives govern- nts on to the self-destruction ich such policies involve. This ncealed consideration is, I lieve, the very large unutilised ement of monopoly power ssessed by some (by no means however) of the public tor trade unions. This power of course, of a politico- nomic character in that these ions can both inflict political miliation on the Government ile obtaining significant reases in wages. Economically unexploited potential re- es in the fact that any cut ks in real demand which ght follow from substantially her real wages based on nopoly power could readily absorbed by natural wastage be possibly insignificant or noticed.

his, of course, does not apply the whole of the public or but to a sufficiently large portion (the fuel and power kers in particular) as to e an acute political dilemma. en this unexploited mono- power, this group can choose opt out of any fall in wages which has been ely brought about by mar- forces over the past few iths. The critical motivating e behind incomes policies ears to me to be the mobilisa- of public opinion to prevent utilisation of monopoly er by this small fraction of labour force and thus to e the Government political iliation.

this last factor is set aside, e is no economic reason the Government should not ly throw away the financial rdon sanitaire" around this or, let them exploit their opoly power to the full posing taxes on the rest of o pay for it) until economic tice such as declining de- d brings about real economic ility. This, however, is isely what neither Conserva- nor Labour Governments they can accept politically e Conservative Party is par- arly susceptible to the adation of government which is to be involved while the our Party, less concerned it this issue, is vitally con- ed at the extreme unpopu- y which this would bring the trade union movement rally:

cause neither party will face o the economic realities of situation, both are dragged the ultimately self-defeating rdities of economic populism heir attempts to maintain nes policies and stave off utilisation of monopoly r. Yet if one accepts that forces cannot successfully lefeated by sentiment and ical manoeuvring, the best ion would be frankly to ot this unutilised monopoly r and invite those who have use it. More precisely, the ervative Party (the Labour simply could not do so the reasons already sug- d) should follow a very policy towards these par- ar unions and invite them xploit their power to the This is on the principle a miner earning, say, three the average wage but in equence having priced coal being a declining industry, has exhausted his bargaining power and is indeed more vulnerable than other groups in the economy to changing economic forces since he would suffer a sharper fall in real income in the event of unemployment.

Professor A. J. Merrett.
London Graduate School of Business Studies.
Sussex Place,
Regent's Park, N.W.1.

A local squabble

From Mrs. Kate Losinska.

Sir,—I write in response to the report on the Civil and Public Services Association judgment (May 12) to correct an assumption made in the piece. Such assumption was emphasised in the heading given. I gave no interviews to any member of the Press about this issue.

The facts are that it was the union that was the first defendant; I appeared as second defendant only because of an interpretation of union rules made by me as president, when the young lady's branch appealed to me to adjudicate: this ruling was in line with a similar ruling made by the previous president, and was made after consultation and by agreement with other senior officers of the association, an interpretation subsequently endorsed by the national executive.

This was a domestic issue only, and not even worthy of this further attempt to attribute personal blame to me in a situation where I was fulfilling a normal duty, and had explored every alternative avenue to clear up a local squabble, before finally making the interpretation of the rule in question.

Kate Losinska.
45, Rectory Park,
Sanderstead,
South Croydon

The public sector

From The Head of Information Civil Service Department

Sir, — Your correspondent, Rowena Mills, appears to suggest (May 11) that public sector employees earning £8,500 a year and above can receive increments in addition. This is not the case: The current pay policy applies to public sector employees (including civil servants) as to everyone else, and they cannot receive increments if they earn morethan £8,500 or if the effect would be to take their earnings above that level.

As to cars provided to public servants being "in some mysterious way exempt" from proposed new tax regulations, I refer your correspondent to the answer given by the Financial Secretary to the Treasury in the House of Commons on April 29, 1976, when be confirmed that the regulations on company cars would extend to cover cars provided to public servants by central Government, local government and nationalised industries.

S. T. Cursley,
Whitehall, S.W.1.

Copper buffer stock

From Mr. J. Vuillequez.

Sir, — The comment by Mr. John Edwards on the Commodities Research Unit's study (May 5) of a world copper buffer stock is interesting, including Mr. Jevons's idea of lending part of such stocks so as to reduce the cost of carrying them. Most of the stocks in London Metal Exchange-approved warehouses are, of course, financed by taking advantage of the contango.

The basic problem in the establishment of effective buffer stocks is the conflict of interest between producers and consumers, between the seller and the buyer. This fundamental and elementary problem seems to develop into a blind spot whenever negotiators of the two sides try to achieve a "consensus." I believe it may be demonstrated in several ways that the International Tin Agreement has never really helped producers or consumers, and that it has failed in its goal of reducing price fluctuations.

CRU and Mr. Jevons appear to me to be making a good argument for no buffer stock, no international commodity agreement for copper and that the law of supply and demand should be allowed to provide the necessary disciplines to producers and consumers.

Assistance to poor countries should be handled separately and without interference with commodity markets. Stabex (Lome Convention) is an example which could be refined and extended to copper exporting countries. A small increase, however, in copper consumption would not only solve the financial problems of copper exporting countries, but no doubt mute the discussions on buffer stocks or an international commodity agreement.

J. Vuillequez.
Amax Center, Greenwich,
Conn. 06830. U.S.A.

Loans for home improvements

From the chairman, National Home Improvement Council.

Sir,—The report on building societies (May 8) and the property article, "Home and Income," by Joe Rennison on the same day, include a number of points which indicate the need for more serious consideration of methods for financing house purchase at the lowest end of the market.

Mr. Rennison refers to the eventual effects of the latest stage in incomes policy on the ability of many people to take on a mortgage. If young people are priced out of the bottom end of the new homes market in this way, the result must be lengthening of local authority waiting lists at a time when limitations on public expenditure makes it less likely that such a demand can be satisfied.

Although Michael Cassell reports that the building societies are now granting an increasing number of loans on "perfectly acceptable" pre-1919 properties, one is left in some doubt about their willingness to do so on older properties which are substandard or otherwise in need of modernisation.

Just as Quentin Guirdham, in another article, notes that stifling of demand at the upper end of the market causes congestion at the bottom, so it should be recognised that the difficulties of obtaining mortgages on low-priced houses in need of renovation has a dampening effect on the market as a whole.

The lesson for us is clear. A new set of principles should be established by the building societies for the granting of mortgages on properties needing renovation: and the mortgages should be large enough to cover the purchaser's share of any improvement that needs to be carried out with grant aid.

If such a scheme has to be underwritten in some way by the Government, that could be fully justified by the saving to the public purse achieved by encouraging people to house themselves instead of depending on council accommodation.

And how rewarding it would be, in every sense of the word, if more of those olders terracse —many of them architecturally distinctive and attractive—could be usefully preserved instead of being tumbled into dust.

E. G. Plucknett.
26 Store Street, WC1.

Ethiopian events

From Mr. F. Jammo

Sir,—We have noted with interest Mr. Tesfaye Demeke's letter (May 6) where he has complained that your paper has made an erroneous statement against the Ethiopian Government in an article you published on April 21.

The Press Attache does not deny that there were demonstrations, instead he claims that this was "the result of the provisional military government's more liberal policy which provides for freedom of expression of opinion, including the right to demonstrate." Yet Mr. Demeke chooses not to make any reference to the brutal assassination of innocent civilians who were demonstrating on two occasions for the establishment of a democratically elected civilian government.

He goes on to attribute the existence of shortages of various commodities to "artificially created by some reactionary wholesalers and profiteers." We know for a fact, however, that this year's harvest is not reaching the cities due to the complete disruption of the transportation system by the armed rebellion of the very peasantry that the Dergue says it champions.

We are obliged to the Press Attache for enlightening us on a very important and most interesting discrepancy. The Dergue has heretofore been claiming that the reason for closing down institutions of higher education, was for the participation of the students in the highly publicised national work campaign. We now learn from Mr. Demeke that the reason was . . . . "because of the activity of some students who are related to the feudal lords, whose interests were affected."

It is common knowledge in Ethiopia that the sole reason for dispersing the students to the countryside was to diffuse the call by the students and other progressive and democratic forces for the immediate transfer of power from the military to a duly elected civilian government.

Feisa Jammo.
Ethiopian Democratic Union,
BH-ENDU,
London.

Exchange controls

From Mr. J. Burgess

Sir.—Further to Mr. Blanden's comments concerning Exchange Control regulations (May 1), firstly, it is surely not unscrupulous to want to exercise control over what is after all, one's own property. The resources of a private individual belong to that person, not to his Government or anybody else. It is presumptuous arrogance on the part of any Government, to impose restraints upon the disposition of an individual's private capital.

The freedom of the individual to withdraw his resources from a nation where by reason of its instability or otherwise, he may consider his property to be at risk, is a fundamental safeguard, and a guarantee against confiscation or arbitrary restraint. It is only in socialistic or other totalitarian countries, where this freedom is denied.

How then, can we preserve any sense of respect for individual proprietary rights, if we are hamstrung with Exchange Control regulations? Laws which are unjust, ought, if necessary, to be defied. The regulations are a thoroughly unwarranted and unacceptable restraint upon individual freedom. Their effect is to mitigate the consequences of successive acts of governmental incompetence by people who could scarcerly manage a grocery store profitably, let alone the fiscal affairs of a nation. The present laws do nothing to prevent the really determined, and can only be reinforced by further inroads of an equally despotic nature.

Confidence in the pound will only be restored when we are sufficiently confident enough to abolish Exchange Control restrictions. Let us do so immediately.

J. C. Burgess.
Amberwood Holdings,
17, Exchange South,
Mount Stuart Square,
Cardiff.

Education for wealth

From The Deputy Director, Operations, British Plastics Federation.

Sir,—I write with reference to the article "Educating the Wealth Creators" (May 12). The British Plastics Federation endorses the importance which this article gives to manufacturing industry as the source of the nation's wealth and the need for the higher educational system to relate more to the manpower needs of industry.

The Federation has given practical expression to this belief through its support for the Science Research Council's Polymer Engineering Directorate. One of the main objectives of the directorate is to bring together the plastics industry, one of the most important in the British economy, with the leading research and academic institutes to develop polymer engineering and to promote its use throughout the plastics industry. We feel that the concept of the directorate, which is unique in the U.K. and western Europe, should form the basis for further developments in relation to technological and scientific education. The federation is extremely alarmed by the implications of Mr. Fowler's speech as referred to and believes that it is about time that a vigorous campaign was launched to make it clear to the nation that wealth has to be generated before it is to be spent and that advanced technical, scientific and commercial education and training has to be provided for increased wealth to be generated.

C. M. Bromley.
British Plastics Federation,
47, Piccadilly, W.1.

Balance of payments figures for April published.

Retail prices index for April

EEC Foreign Ministers begin two-day informal meeting, Luxembourg.

Mr. Denis Healey, Chancellor of the Exchequer, speaks at National Savings Assembly, Tara Hotel, W.8.

Mr. Anthony Wedgwood Benn, Energy Secretary, addresses separate meetings of South Derbyshire and North Western regions, National Union of Mineworkers, *Blackpool.*

Mr. Lee Kuan Yew, Singapore Prime Minister, on visit to China.

To-day's Events

Delegation from Common Market ball-bearing industry to EEC Commission on effect of increased Japanese exports, Brussels.

Mrs. Margaret Thatcher, Opposition leader, begins visit to Scotland prior to addressing Party conference in Perth on Saturday

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

OFFICIAL STATISTICS

Building Societies receipts and loans (April). Index of industrial production (March).

COMPANY MEETINGS

Bowater, Dorchester Hotel, W., 11.30. Gibbs (A.), Winchester House, E.C., 12. Miller (Stanley), Gosforth Park Race Course, 12. Montagu Boston Inv. Trust, 117, Old Broad Street, E.C., 12. Nu-Swift, Stratford-on-Avon, 3. Raleigh Industries, Nottingham, 12. Rugby Portland Cement, Rugby, 12. Spirax-Sarco, Cheltenham, 3. Storey Bros., Lancaster, 12. Tilling (Thomas), 21, Tothill Street, S.W. 12.

COMPANY NEWS + COMMENT

Serck on target with £3.17m. at midway

AS FORECAST, pre-tax profits of Serck for the six months to March 31, 1976, at £3.17m. compared with £1.85m., have been well maintained at the improved level of £3.18m. experienced in the second half of last year.

First-half earnings per 25p share are given at 8.6p against 6.8p, and the interim dividend is raised from 0.5p to 1p net—last year's final payment was 1.388p.

	Six months 1975-76	1974-75	Year 1974-75
	£000	£000	£000
Group sales	[illegible]	26,490	[illegible]
Operating profit	3,270	2,432	5,925
Interest charges	100	580	891
Profit	3,170	1,853	5,034
Net profit	1,670	1,009	2,731
Interim dividend	245	245	245
Final	—	—	525

Chairman, Mr. R. G. Martin says the order intake is still unexciting and there is as yet no sign of the increased demand in the market sectors served by the group that it will need to maintain its prosperity through 1977.

The group has, however, sufficient orders incoming and on hand to support a reasonable level of output for the remainder of this year and the directors expect an improvement on the overall performance of 1975.

Group interests lie in heat exchangers and valves, control equipment, vehicle exchange parts, etc.

● comment

Serck's first six months have turned out as expected, with profits maintained around the level of the second half of 1974-75, leaving the shares unchanged at 48½p. Incoming orders are still running between 10 and 15 per cent. below deliveries, as demand at home and overseas, for valves and heat exchanges remains sluggish. However, current order books are satisfactory, and this, together with the substantial reduction in borrowings as reflected in the £500,000 drop in interest charges, should produce a similar performance in the current half. So full-year pre-tax profits of £6m. look a minimum expectation, which will cover a prospective yield of 7.8 per cent. 3.4 times.

HIGHLIGHTS

Strong underlying growth is shown in the first-quarter results of **Royal Dutch/Shell** despite distortions created by the adoption of new U.S. accounting standards on converting currencies. Net income is up by £16m. to £284m. Lex also comments on the disappointing first-quarter results from **Royal Insurance** and the first-quarter profits recovery by **Philips' Lamps Holdings**. Finally, it gives attention to the annual accounts of **P & O** which has predicted a reversal of the profits decline. Elsewhere, the sharp interim profits rise at **Midland Industries** is featured as are the interim results of **Lloyds and Scottish**, and **Serck**. The sharp drop in profits in the preliminary results from **F.P.A. Construction Group** are analysed. **Head Wrightson**, meanwhile, showed profits up from £302,000 to £2.35m. in its preliminary results.

(13.2), Africa 16.2 (10.7), Middle East 31.3 (8.6).

As known, pre-tax profit for 1975 increased from £1.09m. to £1.41m. and the dividend is 3.16721p (2.91195p) net. A statement of source and application of funds shows a decrease in cash balances of £267,000 (£3,900 decrease) and an increase in bank balances of £399,790 (£127,300 decrease).

Meeting, Bognor Regis, June 4, 11.30 a.m.

Barr & Wallace upsurge

TREBLED pre-tax profits of £905,000 are reported by Barr and Wallace Arnold Trust for 1975 compared with the depressed £302,000 for the previous year. Turnover expanded £5.42m. to £28.3m.

At halfway the profit advance was from £216,000 to £548,000 and the directors said they were budgeting for a substantially better final result than for 1974.

Stated earnings are shown to have risen from 3.61p to 10.3p per 25p share and the dividend is stepped up from 2.75p to 3.025p net.

	1975	1974
	£	£
Turnover	28,275,000	22,855,000
Operating profit	1,173,030	369,184
Depreciation	257,543	137,918
Special provisions	10,444	125,952
Pre-tax profit	905,043	302,314
Tax	492,676	158,767
Extraord. debits	108	26,171
Available	412,679	116,246
Pref. dividend	3,825	3,947
Ordinary	119,770	106,852
Retained	287,124	2,330

Lec sales ahead in first quarter

First quarter 1976 sales at Lec Refrigeration show a 43 per cent. increase over the previous comparable period, reports Mr. C. R. Purley in his annual statement.

Customers have been specially interested in the latest Lec compressor which, he says, is considered far in advance of competitors on a performance/cost measurement.

In the export field, sales showed an increase over 1974, compared with a 15 per cent. fall in the industry as a whole. He says that in the current year Lec is obtaining increasing success in this field with substantial orders from the U.S. and the Middle East, with first quarter sales showing a 22 per cent. advance.

Goods exported during 1975 amounted to £2.98m. (£2.30m.), split as to (percentages): Europe 21.4 (40.9), Australasia 23.3 (26.6), Americas and the Caribbean 7.8

Recovery at Head Wrightson

GROUP TURNOVER for the year to January 31, 1976, of Head Wrightson and Co. expanded from £53.17m. to £63.39m. and pre-tax profits recovered from £302,000 to a record £2.36m.

At halfway, reporting a turnround from a loss of £1.42m. to profits of £1.07m., the directors said they expected second-half profits would show an improvement on those for the first.

Full-year earnings are shown to be up from 1.37p to 10.75p per 25p share and the dividend is stepped up from 1.125p to 2.6p net with a final of 1.625p. Treasury permission has been indicated for the increase on recovery grounds.

	1975-76	1974-75
	£000	£000
Group turnover	63,388	53,163
Trading profit	3,134	2,337
U.K. contracting	318	267
U.K. manufacturing	505	431
U.K. foundry and forging	1,443	434
U.K. stockholding	292	1,125
Overseas	86	50
Other net income	14	3
Other trading losses	—	1,192
Interest	629	991
Investment income	19	17
Profit before tax	2,357	302
Tax	1,101	154
Extraordinary credits	291	‡131
Net profit	1,747	15
Pref. dividends	16	16
Interim Ord.	131	—
Recommended final	218	131

‡ Debit.

The directors explain that interest costs fell due both to lower rates and a lower level of borrowing. The tax charge is lower because of a release in respect of previous years and utilisation of tax losses.

Extraordinary credits mainly related to net profits on businesses sold or closed during the year.

Total assets employed including deferred tax and other liabilities increased from £12.21m. to £14.24m. and shareholders' funds from £10.63m. to £12.01m. Net current assets rose from £3.2m. to £6.38m. and net overdrafts came down from £4.48m. to £3.03m.

Capital expenditure authorised at the year end amounted to over £3m. The majority relates to Head Wrightson (Steelcast) where the group is investing in new melting and moulding plant. The balance is again widely spread and the group continues to replace and improve its plant.

The group is trading well within its facilities report the directors, with current borrowings close to 30 per cent. of shareholders' funds.

The current year has started well, they say, although the stockholding and foundries and forging divisions which concentrate on short term orders are not busy. The results for the year will depend on the timing of the upturn from the recession, they add.

● comment

Head Wrightson's full year profits reveal a dramatic recovery which must owe much to a substantial increase in export sales, which rose from £10.2m. in 1974-1975 to over £20m. last year. The foundry and manufacturing divisions must have figured largely in the increased activity while the contracting side appears to have benefited from a sharp increase in the volume of U.K. work. In the current year, each of these divisions has shown signs of slowing down, with the foundry side actually moving into decline. However, last year's weakest spot, the stockholding division, is now enjoying a much higher level of demand and looks capable of making up any leeway elsewhere. Borrowings are likely to creep higher in the current year, after the 1975-76 reduction, as the capital expenditure programme gets under way. But the financial position should still remain fairly strong and, although a yield of 7.8 per cent. at 53p does not look particularly generous, it does have the support of a cover of more than four times.

Downturn to £88,000 at FPA

BECAUSE of problems connected with over involvement in property development, pre-tax profit of FPA Construction Group fell from £209,000 to £88,000 in 1975 on a turnover up from £19.69m. to £23.12m.

The group made a trading profit of £1,241,000 (£493,000), but there was a write off of £381,000 (nil) of a deficiency arising on acquisition of outside interests in former associates. In addition, associates incurred an increased loss of £772,000 (£286,000).

At the interim stage, when pre-tax profit was down from £308,000 to £80,000, the chairman, Mr. B. J. Ward, forecast a substatnial second-half improvement. He now points out that the group has traded profitably, at the pre-tax level, during the past year despite the property problems.

The directors look to the future with cautious optimism, bearing in mind particularly that the contracting order book is strong, house sales to date are in excess of last year, liquidity continues to improve and there is a "realistic" net asset base equivalent to just over 29p per 25p share.

Results reflect the decision, following a detailed review, to make adequate provision for the involvement in property development, particularly where this has been conducted through associates.

Furthermore, certain accounting policies have been revised since the interim statement. In view of the effect that the decisions have had it is not considered appropriate to pay a final dividend but it is intended to resume payments as soon as profits permit, the chairman states. There was also no interim. For the previous year a net total of 1.625p was paid.

	1975	1974
	£000	£000
Turnover	23,120	19,692
Trading profit	1,241	493
W'o deficiency*	381	—
Associates loss	772	286
Profit before tax	88	209
Taxation	275	104
Attributable loss	187	†13
Dividend	—	128
Adjustment‡	190	—

* Arising on acquisition of outside interests in former associates. † Profit. ‡ Prior year adjustment and revaluation of properties (net).

"Continuing good relations with bankers has enabled progress towards completion of most development situations and the significant disposals planned for 1976 "are expected to achieve a desirable reduction in borrowings and consequently a reduction in interest charges," Mr. Ward states.

● comment

FPA has missed its forecast of a better second half, with profits of only £28,000 against £60,000 in the first six months. The reason is that FPA has written-off the £381,000 associate company losses which would have been attributable to outside holders had the company not acquired the balance of the shares it did not own in two associate property developers. So now the balance sheet contains a large slice of assets and liabilities which had formerly been represented by interests in associates. Borrowings are now £5.13m. and compare with shareholders' funds of £2.3m. Development land is in the books at £7½m. which the company claims has been fully written down. Nevertheless, it will take the evidence of a profits recovery to encourage the shares, which at 9p give a market capitalisation of £710,000.

Midland Industries upsurge

ON A TURNOVER up from £6.42m. to £8.41m. pre-tax profit of Midland Industries, the foundry and engineering group, improved by 47 per cent. to £602,000 in half year to March 31, 1976.

The net interim dividend is stepped up from 0.40625p to 0.44p per 5p share. Last year's total was 0.80440p, paid from a record pre-tax profit of £974,000.

	Six months 1976	1975
	£	£
Group turnover	8,412,000	6,420,000
Profit before tax	602,000	410,000
Taxation	313,000	[illegible]
Net profit	289,000	[illegible]
Preference dividend	1,050	[illegible]
Available Ordinary	287,950	[illegible]
Interim Ordinary*	[illegible]	[illegible]
Retained	[illegible]	[illegible]

* After £19,978 (£16,684) waived by certain directors and the chairman's family.

● comment

Unencumbered by the loss-making Belgian subsidiary which was disposed of last September, Midland Industries increased its half-time pre-tax profits by 47 per cent. on a rise in turnover of more than three-tenths. There has also been a recovery back to profits on the agricultural machinery side helped by orders from the Middle East, although U.K. demand remains depressed. This trend continues in the current half. But a measure of caution must remain so long as uncertainty continues over the position of steel supplies should a big upturn in demand occur later this year. A maximum dividend would give the shares at 26½p a yield of 3.2 per cent.

Atlas Electric advance

GROSS INCOME for the year to March 31, 1976, of Atlas Electric and General Trust rose from £3.27m. to £3.72m. and net revenue increased from £1,561,202 to £1,749,968 after tax of £1.06m. against £0.91m. including foreign withholding taxes of £108,124 compared with £89,036.

Earnings are shown to be up from 1.31p to 1.48p per 25p share and the dividend is lifted from 1.15p to 1.3p net with a final of 0.9p. The Board intends to pay an interim dividend of 0.5p next December so as to reduce disparity.

The net asset value per share after deducting prior charges at par and including the full investment currency premium is given as 64p against 45p.

Pyramid turns in record £167,855

REFLECTING AN increase in interest receivable from £29,992 to £78,625, pre-tax profit of Pyramid Group (Publishers) expanded from £125,112 to a record £167,855 for 1975.

At halfway the directors said conditions were difficult but it was hoped that the end result would not be materially different to that of the previous year. They now explain that the improvement is due to increases in prices in accordance with the price code and a "rigorous" control of costs.

The final dividend is 1.476p net, lifting the total from 1.8291p to 2.012p at a cost of £36,000 (£32,511), after waivers of £4,240 (£2,886).

	1975	1974
	£	£
Trading profit	89,230	95,129
Int. receivable	78,625	29,992
Profit before tax	167,855	125,112
Tax	93,770	68,358
Net profit	74,085	56,754
Minority loss	153	*99
Extraord. credit	—	165,815
Attributable	74,238	222,570
Dividends	36,000	32,511
Retained	38,238	190,059

* Profit.

The financial position remains strong and the directors are considering how best any funds surplus to immediate requirements might be deployed.

The trading situation in the current year remains uncertain and there is "no doubt" it will be another demanding year. The group, however, continues to be well placed to take advantage of any improvement which might occur. Interests lie in publishing, advertising contracting, printing and computer services.

Good start by Gibbons Dudley

Mr. R. D. Turner, chairman of Gibbons Dudley, told the annual meeting that results of trading in 1976 were so far encouraging, and he saw no reason to alter his forecast that group profits for the year would be over £3m. compared with £2.5m. last year.

He said that continuance of relief against tax for stock appreciation would clearly be of assistance to cash flow, and would help in financing construction of the new £4½m. brick factory in Newcastle-upon-Tyne, where site work had recently commenced.

Lord Inchcape, chairman of P & O, which to-day publishes its annual report and accounts. *Freddie Mansfield*

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Ash Spining	2.13	—	2.13	3.13	3.63
Atlas Elect. & Gen.	0.9	June 18	0.8	1.3	1.15
Barr & Wallace	3.03	July 9	2.75	3.03	2.75
Booth International	2.24	July 30	1.34	3.38	2.68
Davenports Brewery int.	0.73	July 2	0.66	—	2.25
English & Caledonia Inv.	1.63	July 22	1.43	2.3	2.1
FPA Construction	Nil	—	0.65	Nil	1.63
F. G. Gates	3.56	July 10	3.56	3.56	3.56
Head Wrightson	1.63	—	1.13	2.6	1.13
King & Shaxson	2.2	June 18	2.14	3.1	2.84
Lloyds & Scottish int.	1.4(a)	Aug. 2	1.26	—	3.23
Midland Industries int.	0.44	July 4	0.41	—	0.8
Northern American Trust int.	0.7	July 1	0.7	—	2.3
Pyramid (Publishers)	1.48	July 9	1.29	2.01	1.83
Rowton Hotels	3.1	—	2.81	3.1	4.69
Royal Sovereign	1.29	—	1.11	2.38	2.2
Scottish Inv. Tst. int.	0.75(a)	July 26	0.46	—	2.05
Serck int.	1	Aug. 2	0.5	—	2.19
Herman Smith int.	0.23	June 11	0.23	—	0.39
Tehidy Minerals	1.09	—	0.99	2.17	2
Tongkah Harbour int.	1	July 6	1.54	—	4.16
Trust Union	1.2	—	1.1	2.2	2
Warner Estates int.	1.2	July 3	1.1	—	3.2(b)
White Drummond int.	1.23	—	1.13	—	2.83
J. Williams Cardiff int.	0.67	—	0.67	—	1.79

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and or acquisition issues. (a) To reduce disparity. (b) For 18 months. Comprising first interim 1.1p, second interim 1.5p, and final 0.698351p.

Scottish Investment headway

NET REVENUE of £335,700 is announced by Scottish Investment Trust for the six months to May 5, 1976, compared with £313,600 for the corresponding period and £673,337 for the last full year.

To reduce disparity with the final, the interim dividend is raised from 0.453p to 0.75p net. Last year's total payment was 2.05p.

	Six months 1976	1975
	£	£
Total revenue	617,200	580,100
Franked	356,900	321,100
Unfranked	260,300	279,000
Gross interest	14,900	24,300
Expenses	40,000	35,900
Tax	255,600	215,000
Net revenue	335,700	313,600
Preid. pref. divs.	25,912	25,912
Available Ord.	309,868	287,788
Interim	225,000	136,500

Net asset value per 25p share, after deducting prior charges at redemption value, is shown at 116.2p, against 100.2p, including the full investment currency premium of 23.6p (20.3p). Premium liable to surrender on sale of foreign securities is 5.8p (4.8p).

Ash Spinning write-offs

Profits of the Ash Spinning Company for the year ended March 27, 1976, were £245,289 against £199,551, subject to tax of £130,487 compared with £105,460 and exceptional losses of £133,360 against £11,336.

The losses reflect the liquidation of the subsidiary, W. K. Blackburn and Co.—and its results have been excluded in arriving at group profits. The 1975 figures have been adjusted to show a proper comparison.

First half profits had fallen from £86,826 to £18,469, but the directors then believed the group was in a position to share in any improvement in trade.

Stated earnings per 25p share for the year are nil (10.34p). A net final dividend of 2.125p makes a total of 3.125p compared with 3.625p previously.

	1975-76	1974-75
	£	£
Turnover	4,307,735	4,973,953
Trading profit	387,103	368,562
Investment income	15	61
Auditors' remuneration	7,255	7,173
Directors' emoluments	23,946	22,798
Bank interest	35,421	43,679
Loan interest	20,915	20,402
Plant hire, etc.	230	15,788
Depreciation	37,321	64,340
Associates profit	6,345	3,009
Profit before tax	265,289	199,551
Tax	110,487	105,460
Exceptional losses	133,360	11,336
Net loss	15,358	*82,755
Dividends	25,000	29,000

* Profit.

Bodycote well placed

With his annual statement, Mr. J. Dwek, chairman of textile manufacturers, etc., Bodycote International announces a scrip issue on the basis of one-for-two 5p shares and a subsequent consolidation into shares of 25p.

He tells members that, led by a substantial improvement in demand by overseas subsidiaries, certain sections of the group have started to emerge slowly from recession. However, the problems of last year have been carried over into 1976 and consequently trading in the first quarter has been very mixed, he adds.

Despite the possibility of reactionary processes eroding margins and dispersing the modest wave of optimism and sentiment, the group is poised for an upturn in trade—widely predicted for the latter half of 1976.

As reported on April 29, group pre-tax profit improved marginally from £1,685,341 to £1,712,437 for 1975 and the dividend total is raised from 0.6151p to 0.665p a share net, the maximum permitted.

An analysis of turnover and profit prior to holding company expenses and loan interest, shows in percentages: textiles processing 19.6 and 26.1; industrial protective clothing and safety products 36.6 and 37.6; industrial and general textiles 42.5 and 35.1; other interests 0.3 and 1.2.

The directors now feel justified in resuming expansion by acquisition and liquid resources provide sufficient financial strength to expand in this manner, states Mr. Dwek.

Lloyds and Scottish improvement

FIRST HALF group pre-tax profit of financiers, Lloyds and Scottish, increased from £6.06m. to £6.62m., and in the absence of unforeseen circumstances it is expected that the pattern of trading will not show much change in the second half, the directors state. Profit for all the year to September 30, 1975, was £13.1m.

A modest increase in new business transacted was achieved in the half year in spite of the continuance of adverse trading conditions, the directors report. Lower average cost of borrowings offset higher expenses.

The interim dividend is raised from 1.26p to 1.4p net per 20p share to bring it more into line with the final dividend. Last year's net total was 3.22815p.

	Half year 1976	1975	Year 1974-75
	£000	£000	£000
Group profit	5,294	4,304	[illegible]
Share associates	1,316	1,334	[illegible]
Total pre-tax	6,626	[illegible]	[illegible]
Estimated tax*	3,420	3,123	[illegible]
Minority holders	125	109	137
Attributable	[illegible]	[illegible]	[illegible]
Extra-ord. items	—	—	30
Dividend	1,421	1,265	[illegible]
Retained	[illegible]	1,556	[illegible]

* Including £987,000 (£738,000) and £1,369,000 for year share of associates.

Extra-ordinary items accrue mainly from realignment of foreign currencies and, as previously, will be shown in the annual accounts. In the period October, 1975 to May 15, 1976 foreign loans equivalent to £2.6m. have been converted into sterling resulting in an exchange loss not already provided for in earlier years of £272,000.

● comment

The market was hoping for more growth this year from Lloyds and Scottish than was indicated by the interim statement, and the shares fell 5p to 77p. Pre-tax profits of the company and its subsidiaries have risen by 17 per cent. in the first six months, but there is a slight decline from the level of the second half last time and the share of associates' profits has been affected by the reduction in the stake in South Africa. It has proved very hard to increase the volume of finance house business, while interest rates have moved slightly against the group—the FHA base rate has recently been slightly below the cost of money. There has recently been a little more activity in the industrial loan sector, but on the other hand the consumer durables and TV rental businesses have not yet benefited from recent credit and VAT relaxations. With a slight seasonal bias in favour of the second half, pre-tax profits could emerge in the £13.5m.-£14m. range. The yield is fair at 6.8 per cent., but the shares will find it hard to move higher until there are better prospects of lower interest rates and car HP relaxations.

Statement Page 29

profits advanced from £231,303 to £313,285.

After tax of £124,192 against £123,250, and minorities of £42 (£57), earnings are shown to be up from 1.06p to 1.68p per 25p share. The interim dividend is 1.2p net.

In the previous 18-month period, pre-tax profits reached £849,983 and a first interim dividend of 1.1p was followed by a second of 1.5p and a final of 0.698351p.

Warner Estates

Turnover of Warner Estates Holdings, expanded from £1.84m. to £2.19m. in the half-year to March 31, 1976, and pre-tax

Wood Hall sees cut to £3.5m.

RETURNS AND estimates indicate that profit, before tax and minorities, of Wood Hall Trust for the year to June 30, 1976, should be in the order of £3.5m., compared with £8.08m. for the previous year.

First half profit contracted from £3.67m. to £1.72m. on a turnover up from £103.66m. to £118.38m.

Despite the low profit forecast the directors expect to recommend the maximum permitted dividend for the year of 26[illegible] per cent. (24.25 per cent.) gross.

In addition to the profit, exceptional profits, less losses, of capital and non-taxable nature of £1,024,686 (£310,068) were realised by the Australian subsidiaries in the current half year.

The reduction in profit attributable in the U.K., to Wood Hall Building Group and Osborn Stevens Group and in Australia, to Australian Mercantile Land and Finance.

There has been some improvement in conditions but benefit will not be felt until late 1976 and as regards the U.K. subsidiaries those benefits will be limited as there is little evidence demand has increased sufficient to allow margins to expand to realistic levels, the directors state.

Consequently sharp reductions must be expected in the contributions from the majority of the U.K. subsidiaries and in particular from the building group at Osborne Stevens.

In Australia, further deterioration in industrial, labour and trading conditions have eroded the profitability of the Australian subsidiaries, which represent major interest of the group.

Davenports Brewery

Profit of Davenports Brewery (Holdings) increased from £552,000 to £696,000 in the half year to March 31, 1976, subject to tax of £362,000, against £287,000.

The interim dividend is raised from 0.6625p to 0.725p net per 25p share. Last year's total was 2.25225p from a pre-tax profit of £1,216,984.

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Royal Insurance first quarter profit down

STIMATED FIRST quarter results of Royal Insurance, announced by chairman Mr. aniel Meinertzhagen at the annual meeting, showed an icreased underwriting loss of 15.9m. against £7m. and a reduction in group pre-tax profit from 3.7m. to £3.8m. compared with the same 1975 period.

Investment income rose by 46 er cent. from £12.9m. to £18.8m. the period. Net earnings per 5p stock unit are shown at 1.6p gainst 3.5p.

Commenting on the underwriting loss, the chairman referred his previous warning that following the storms in January in the U.K. and with the continuing roblems in the U.S. the improvement for which the Royal were ooking might not emerge to a naterial extent until the second alf of 1976.

Turning to the first quarter Mr. Meinertzhagen said "the increased oss was mainly due to the impact f storm damage in January, rincipally in the U.K., but also n North West Europe, and to storm of hurricane proportions n the Atlantic provinces of anada in early February.

It was estimated the cost of hese storms to the group would e some £8m. more than might ormally be expected in the first uarter and has materially ffected results since, in ccordance with usual practice, e claims have been charged in ll to revenue account.

In consequence, for the first me for a number of years, home usiness suffered an underwriting oss in the first quarter. In the .S. where results also suffered om effects of severe weather e underwriting loss increased om £7.5m. to £10m.

The U.S. operating ratio was 09.9 per cent. (108.7 per cent.). ffects of the widespread rate icreases obtained last year had n large measure still to come hrough to the results, mainly n the latter part of the year. he chairman assured members hat "unremitting attention" ontinued to be given to the nderwriting problems.

	Three months 1976 £m.	1975 £m.	Year 1975 £m.
eneral Insurance:			
Premiums	239.5	189.8	780.9
Underwriting loss:			
U.S.	10.0	7.5	34.2
Elsewhere	5.9	*0.5	8.2
Total loss	15.9	7.0	42.4
ong term ins. profits	0.4	0.4	1.7
ivestment inc.	18.8	12.9	62.3
hare associates	0.5	0.4	0.8
rofit	3.8	6.7	32.7
axation	1.4	2.5	11.4
Minority	0.0	0.0	0.2
et profit	2.4	4.2	21.1

* Profit. Foreign currency converted ccording to normal practice at approximately average rates ruling during the eriod.

He mentioned, that £2m. of the ncrease in the loss was due to he effect of depreciation of terling on overseas underwriting osses. Conversely, the effect of his on investment income was o increase it by £2m.

Mr. Meinertzhagen again emphasised that a single quarter's esults did not provide a reliable uide as to the likely outcome f the year as a whole, and this vas particularly important in the ase of a quarter such as this ne

New life and annuity premiums in the first quarter came to £7.6m. (£5.5m.). New sums assured totalled £208.7m. (£156.4m.) and new annuities per annum £7.7m. (£6.2m.).

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See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Judge International, Redfearn National Glass, Star Line.

Finals—Amalgamated Power Engineering, E. Chalmers, W. Goodkind, Gross Cash Registers, James Harrison, Field Bros., Imperial Cold Storage and Supply, Scottish Heritable Trust.

FUTURE DATES

Interims—	
Brown (Matthew)	May 27
Crane's Screw	May 25
North British Steel	May 21
Finals—	
Beecham	May 20
Bulmer and Lumb	June 22
Fidelity Radio	May 17
Lebolf (S.) (Fobel)	May 28
Marks (Alfred) Bureau	May 20
Whitbread Investment	May 20

F. G. Gates progress: 200% scrip

TURNOVER OF main Ford dealers, Frank G. Gates, increased from £10.89m. to £31.57m., and pre-tax profit advanced from £488,182 to £311,512 in 1975.

Stated earnings per 25p share increased from 13.1p to 14.8p. The dividend is unchanged at 3.55875p net and a two-for-one scrip issue is proposed.

	1975 £	1974 £
Turnover	11,573,123	10,890,601
Pre-tax profit	311,512	488,182
Taxation	162,279	267,717
Net profit	149,233	220,465

Fairview Estates

With house sales at a satisfactory level, and all the necessary sales for the six month period to June 30, 1975 now assured, the chairman of Fairview Estates, Mr. D. J. Cope anticipates a satisfactory result.

The accounting date has been changed from December 31 to June 30 and audited accounts will be made up to that date this year.

As far as residential housing is concerned, the company has sufficient sites available in the right locations confined to the low cost sector of the housing market for the foreseeable future, members are told.

There is a noticeable improvement in active inquiries for office and industrial space evident during the early months of 1976, reports Mr. Cope.

As reported on April 15 pre-tax profits for 1975 fell from £2.59m. to £1.68m. The dividend is 5.056p (4.656p) net.

The chairman says the housing market for low cost homes improved in 1975 from the previous year's low ebb and accordingly the company was again able to increase the volume of house sales, this time by some 30 per cent.

As at April 12, First National Finance controlled 20.1 per cent. of the equity. Meeting Winchester House, EC on June 4 at 10.30 a.m.

Burrell outlook brighter

IN HIS annual report, the chairman of Burrell and Co., Mr. M. C. Ashworth, says that for some good few months, demand has returned to more normal levels and a marked effect on profits has taken place.

Invoiced sales during the first quarter of this year have been at the annual rate of £7.3m., with exports comprising 36 per cent. of this total.

Given a continuation of these conditions, a profit before tax in the first six months of the current year, of not less than £325,000 is envisaged, as stated in the preliminary report. This compares with the highest-ever first half profit of £445,000 in 1974 and only £2,200 in 1975.

As reported on April 29, pre-tax profits for the full year amounted to £68,917 compared with £707,287 previously, and the dividend is a same-again 0.8p net per 5p share.

Sanctioning of new projects was continued at the level of the two previous years and no major item was cancelled or postponed due to the predictably disappointing results.

Notwithstanding the expenditure programme, the group's relatively low level of borrowings continued throughout 1975, says Mr. Ashworth. The anticipated level of operating cash flow in 1976 should bring about a reduction in borrowings by the year-end and the group is therefore "well placed" to consider new and profitable projects of a substantial nature.

Meeting of the group, makers of chemical colours, is at the Great Eastern Hotel, E.C., June 8 at 11.30 a.m.

Chairman's statement Page 39

WEBSTERS CLEANING

An order made on May 10, for the compulsory winding up of Websters Cleaning Services has been rescinded in the High Court and the petition against the company dismissed by consent.

Optimism at United Newspapers

THE FORWARD outlook of United Newspapers is better than at this time a year ago, the chairman, Lord Barnetson says in his annual report.

During the last few weeks of 1975, trading conditions showed some improvement over the corresponding period of the preceding year.

That trend has gathered momentum throughout the current year so far, and the position at the moment is that profits are significantly ahead. "We shall have to cope with dearer newsprint and higher wage costs in the second half," warns the chairman.

As reported on March 24, pre-tax profits for 1975 were £6.61m. against £5.29m. from turnover of £35.49m. (£32.23m.). The dividend is lifted from 10.6618p to a maximum permitted 11.3779p net.

The largest single contribution to the uplift in turnover came from the rise in cover prices for the group's morning, evening and weekly newspapers, most of these changes taking place in the second half.

At the year-end, having spent £1.4m. on capital plant and equipment, the group's cash resources amounted to £6.42m. Since 1971, an average of over £1m. a year has been spent on capital investment and the greater part of this has been devoted to new technology.

The largest single project, is the construction of a new works with sophisticated new plant, for the evening paper in Northampton, the object being to cope with the needs of this rapidly expanding catchment area.

Cost is estimated at £5m., much of which will be financed out of normal cash flow. It is hoped the new premises will be operational by the middle of 1978.

Meeting, 23-27, Tudor Street, E.C., June 8 at noon.

Chairman's statement Page 29

Herman Smith improves

Turnover of manufacturing and electrical engineers, Herman Smith, increased from £2.1m. to £2.97m. in the 28 weeks to January 10, 1976, and the pre-tax surplus advanced from £84,193 to £105,692.

The end of the period co-incided with a reduced demand for some facilities and inflation continues to affect profitability. Nevertheless, the directors expect profits for the year to exceed the £249,147 for the year to June 30, 1975, says the chairman, Mr. H. G. Smith.

As before the interim dividend is 0.23p net per 10p share. Last year's total was 0.394198p.

	28 weeks 1976 £	1975 £
Turnover*	2,974,351	2,099,821
Trading profit	108,396	71,394
Loss sale assets	704	†12,799
Surplus before tax	105,692	84,193
Taxation	55,000	40,000
Net profit	50,692	44,193
Preference dividend	4,725	4,725
Ordinary	10,654	10,654

* Including inter-company £636,637 (£308,514). † Surplus.

'After some years of consolidation following the strong growth of the Sixties, your Directors have taken the view that the time is now right to invest boldly in the future.'

The introduction of new technology will undoubtedly create an opportunity for newspapers to become an important growth industry again.

The country's problems are still formidable, but there is generally a better feeling of confidence than we have known for some time.

We have always stressed the very real risks that are endemic in oil exploration and development, but as each stage of development is successfully completed, the risks are progressively reduced and the prospects of success improve. Provided that the development of Piper and Claymore continues broadly as planned, the prospect is that by 1979 your Company would start to enjoy considerable cash flows from its oil interests. Much of our current thinking is concerned with anticipating that situation, and with planning the next stages of growth for your Company. The impact of oil revenues on your Company's future could be very favourable indeed.

Comparative Results	1975 £'000	1974 £'000
Turnover	236,205	201,649
Trading Profit	11,414	11,435
Profit after Taxation and before Extraordinary Items	4,349	3,629
Earnings per Share	7.85p	6.67p
Dividend Cover	1.63	1.40
Dividends per Share	7.40p*	6.74p*

(*gross equivalent)

The above extracts are taken from the Report and Accounts for the year ended 31 December 1975 which can be obtained from the Secretary, The Thomson Organisation Limited.

The Thomson Organisation Limited
4 Stratford Place London W1A 4YG

The "Shell" Transport and Trading Company, Limited

The Annual General Meeting of the Company was held yesterday in London. Sir Frank McFadzean, the Chairman, in his speech said:

Before reviewing our business affairs, I would like to refer to the statement made last month on the subject of political contributions and payments by Shell companies in Italy and elsewhere. It was originally intended to make such a statement at this Meeting, but because of the recent publicity we decided to issue it earlier. It is not necessary to repeat it today, but copies will be available afterwards for those of you who wish to see it.

I would, however, like to say categorically that the making of irregular payments, and the misrecording of funds or payments, are wholly contrary to the policy of the Royal Dutch/Shell Group. Long before the glare of publicity was turned on the matter the Group Managing Directors set in train an intensive investigation, the results of which were fully reported to the Board and formed the basis of the statement we made. It is important to keep the results of the investigation in perspective. If any large organization, corporate, governmental, or of any other nature, subjected itself to the sort of thorough audit that Shell carried out, I would be very surprised if they emerged without evidence of some problem areas. The generalized condemnation of institutions on the basis of isolated instances is one of the fallacies of present-day debate.

In Italy, as elsewhere, the problem was of a general nature. Yet the picture was largely presented as if only multinational oil companies made contributions to political parties, regardless of any activities of state-owned companies, companies with no multinational affiliations and companies in industries other than oil.

For my own part I think that multinational enterprises have been unduly pilloried on this matter. Politicians and civil servants are busily engaged in establishing a code of conduct for multinationals. There is a lot to be said for it; but we doubt if the code will be much different from what we ourselves try to follow in the Group. We can only hope that governments, as most of them do, will enforce a similar high standard as regards their own relations with business.

We regret what has happened, but we must be realistic enough to accept that, in a very large organization, mistakes will occur, however strict the controls. Over the vast majority of Shell operations our precautions proved entirely adequate. In the light of what has happened, however, guidelines reiterating Group policy have been issued to Shell managers, some procedures have been tightened, and we have decided to formalize the Group Audit Committee which was set up informally two years ago.

You may also be interested to know that much of the criticism levelled at the industry at the time of the oil crisis has now been shown to have been misguided. Investigations carried out by national governments and inter-governmental bodies have produced no evidence that major oil companies created supply shortages in order to make excessive profits—or, in their allocation of oil, did anything other than attempt to deal equitably with a situation for which governments had totally abdicated responsibility.

These findings will bring encouragement to the staff of Shell companies who have, by implication, also been criticized when in fact they bore the brunt of an extremely arduous task. Without their efforts the effects of the crisis in a number of countries would have been far worse than they were. Let me add that, since the crisis, Shell staff everywhere have adapted themselves to the rapidly changing business environment, and that the 1975 Group results are a measure of their success.

As you will have seen from the Annual Report and Accounts, an important factor last year for Royal Dutch/Shell Group companies, and indeed for the oil industry as a whole, was a continuing decline in demand. Group oil sales volumes, already down 13% in 1974, were again substantially down in 1975. A major cause was the world-wide recession, aggravated by the higher oil prices imposed by the exporting countries. Rising prices also affected demand by stimulating energy conservation measures and the substitution of alternative fuels.

In spite of these problems, and the additional burdens of over-capacity and higher unit costs that go with them, Group net income on a conventional accounting basis was £950 million in 1975 and the return on average net assets over 17%. This compares with £1,093 million and just under 23% for 1974, when abnormal factors affected the results. In any case, high inflation and fluctuations in exchange rates—particularly the fall in the value of sterling, in which Group accounts are expressed—tend to complicate comparisons with previous years.

A more significant comparison is between the conventional accounting figures and those adjusted for the effects of inflation. As you will have noted, the current purchasing power method has been used again this year. However, there is still an urgent need for a more generally accepted method of inflation accounting. One particular difficulty for groups of companies such as our own is the problem of obtaining some form of international agreement on the accounting principles to be established for dealing with inflation on a world-wide basis.

The Annual Report shows that on a current purchasing power basis 1975 net income is reduced to £263 million and the return to under 3%. This includes a £299 million loss on assets, mainly on those transferred to government ownership. If this loss is treated as an exceptional item, net income on a current purchasing power basis is still only £562 million and the return under 6%. Such figures clearly demonstrate not only the distorting effects of inflation on conventional historic cost accounting, but also the need for higher earnings if the business is to remain viable in the long term.

The Royal Dutch/Shell Group results for the first quarter of 1976 were announced a few minutes ago when this Meeting began. Before I give you the figures I must explain that a new United States Accounting Standard governing the translation of foreign currency amounts into the currency in which the accounts are presented was introduced in 1975. Prior to its introduction the Group deferred net differences in translation into sterling of long-term debt for amortization over the remaining life of the debt. This seemed a reasonable form of presentation. Nevertheless the Group is complying with the new Standard, since Shell Transport and Royal Dutch are registered with the Securities and Exchange Commission in the United States.

The new Standard requires that all such translation differences must now be taken to income in the quarter in which they arise. The substantial swings that may result can distort the underlying profit trend. Although, coincidentally, the effect on net income for the full year of 1975 was negligible the effect on the individual quarters was large, as you can see in the Press Release that will be available after this Meeting. I would emphasize that the underlying reality has in no way changed; only the method of presentation.

Calculated on the new basis, Group net income for the first quarter of 1976 was £284 million against a restated £268 million for the corresponding quarter of 1975. With the rapid decline of sterling in the latter part of the first quarter of this year, the change in accounting policy gave rise to a net reduction in income of £85 million, the bulk of which would have been deferred for future amortization under the previous system. This reduction was partly offset by the effect on current sterling income of the decline in that currency.

Most parts of the Group's operations reflected an improvement in performance. Shell Oil Company in the United States reported very much higher earnings against a depressed first quarter last year. Outside North America, the two-year decline in oil sales volumes was arrested and there were signs of resumed growth. The natural gas business continued to perform well, with volumes and earnings rising. The recovery in chemicals which began towards the end of 1975 was sustained, with sales volumes increasing in each month of the quarter.

These results are a further indication of the ability of Shell companies to adapt to the fundamental changes imposed on the industry in recent years. Broadly these are the growing government ownership of sources of supply; the unilateral fixing of crude oil prices by exporting governments; lower volumes of trade with consequent over-capacity; and an unprecedented instability in currency exchange rates. In spite of these and other problems Shell companies remain in a good position to take advantage of economic recovery.

Indeed, in the new oil environment Shell companies around the world are taking every opportunity to broaden the scope of their activities. They have improved their position as international buyers and traders in oil, and despite the changes in ownership a very considerable degree of flexibility and reliability in quality and sources of supply has been restored. Their own exploration and production programmes are as varied as ever. They are also developing new lines of business in the provision of technical advice and support, in some cases linked to oil supply arrangements.

Above all, the traditional 'downstream' strength of Shell companies is proving its worth. The new situation has brought increasing recognition by both exporting and consuming countries that shipping oil around the world, and processing and marketing it to match the customer's changing needs, require heavy investment and substantial resources of technical and commercial expertise. In international trade there is no substitute for the skills of the international trader.

There is also no substitute for massive financial resources. The requirements of the business are at their highest ever. Over the past five years, for example, total annual costs and expenses have risen from nearly £5,000 million in 1971 to well over £14,000 million in 1975. Working capital has risen from just over £900 million to nearly £3,000 million, and capital expenditure from less than £800 million to over £1,300 million. Future needs will be even greater, and such substantial sums can be found only if the business can sustain healthy levels of earnings.

For 1976, the largest concentration of investment outside North America is again in the North Sea, where oil production from the very large Brent field is expected to start this autumn. Capital expenditure in the British sector alone is planned to reach about £200 million this year. Other areas of substantial investment in the development of reserves lie off the coasts of Brunei and Malaysia. Meanwhile, the world-wide exploration programme continues, with an expenditure of about £150 million planned outside North America.

I have already spoken of the considerable Shell capability downstream. This is a key area in successful adjustment to the changing energy environment, and the aim is to improve the Shell position further in 1976. Some £70 million is earmarked for more secondary processing facilities in refineries, thus adding to their ability to produce the higher-value products. Gasoline, lubricants, bitumen and liquefied petroleum gases are typical examples, and the marketing companies will continue to develop these and other profitable lines of business.

The natural gas picture remains good, with demand still substantially stronger than total energy demand. Here too there is considerable activity in the North Sea. In the Netherlands sector, gas began to come ashore from the K-13 block in February, and the first Albuskjell platform in Norwegian waters is due for installation this summer. In the British sector a start will shortly be made on laying the Brent gas pipeline, while last month a long-term contract was signed for the sale of propane and butane gas liquids from Brent.

Elsewhere, the Brunei liquefied natural gas scheme continues to develop satisfactorily. Other projects to produce liquefied natural gas are under discussion or study in Australia, Nigeria, Malaysia and Qatar, while schemes to export natural gas liquids are also being developed in Qatar and in Abu Dhabi. Off the coast of New Zealand, production facilities are being installed on the Maui field.

Capital expenditure in chemicals is rising sharply. This trend is planned to continue for some years in the expectation of improved market opportunities towards the end of the decade. There will be substantial investment in North America and the Netherlands, while significant expenditure is also scheduled in the United Kingdom and France. A sizeable expansion of capacity for agricultural chemicals is to begin this year in Brazil.

It is plain from all this that further record levels of capital spending will be reached in 1976. Investment on this scale is essential if the demands of consumers are to be met. This is our constant message and it is not diminished by repetition. The need is there for all to see. We can play our part in fulfilling it only if we are allowed the freedom to operate efficiently and profitably.

Once again your Company is unable to distribute in full the dividends it receives from the Royal Dutch/Shell Group. The government restrictions that do not allow shareholders to participate fully in the results of their investment are to be deplored. Indeed, in real terms you have suffered a reduction in your dividends in recent years. However, in the circumstances your Board can do no more than recommend that the maximum permitted amount be paid. The balance of Shell Transport and Trading's retained earnings which, assuming your approval of this recommendation, will total £58 million—about 10½ pence per Ordinary Share—will be available for eventual distribution to shareholders.

Government restrictions, combined with heavy taxation, are also causing considerable difficulty in the area of adequate reward and motivation of staff in the United Kingdom. These problems are of particular concern at senior levels, where take-home pay is so much less than in most other industrialized countries. Temporary restrictions are one thing; but with the country staggering from one crisis to another as a result of fiscal and monetary mismanagement the situation is now in danger of becoming chronic. Lack of incentive is already leading to a reluctance to undertake wider responsibilities because the rewards are not commensurate. Once world economic recovery accelerates it could also lead to an appreciable increase in the outflow of the more enterprising elements of the community—skilled artisans, technologists, accountants and managers. It is, of course, not only a Shell problem; it is one for the country as a whole.

Finally, you will know that this is my last appearance at an Annual General Meeting as your Chairman. I would like to thank you for your support during my period of office and to commend to you as my successor Michael Pocock, whose re-election to the Board will come before you later in the Meeting.

The Report of the Directors and the Accounts of the Company for the year 1975 were adopted and a final dividend for 1975 of 6·778p per 25p Ordinary Share was declared, payable May 17, 1976.

Mr C C P Pocock, CBE, and Sir Reay Geddes, KBE, were re-elected as Directors. Mr R M Hart was elected as a Director with effect from July 1, 1976.

The Board was authorized to fix the remuneration of the Auditors for 1976.

A Special Resolution was carried altering the Articles of Association so that a Notice convening an Annual or other General Meeting may, when given by post, properly be given by other than first-class post.

The Meeting concluded with a vote of thanks by Lord Armstrong of Sanderstead, GCB, MVO.

P & O expects profit improvement

ALTHOUGH declining to make a forecast of the outcome for 1976, Lord Inchcape, chairman of P and O, says in his annual statement that he expects "the group to reverse the declining profit trend of the last 15 months."

As known, pre-tax profits for the 15 months ended December 31, 1975, were £22.7m. compared with £52.5m. for the year ended September 30, 1974. After extraordinary items of £13.3m. (£0.9m.), attributable profits amounted to £0.8m. (£45.1m.).

	Operating profit 15 mths. 1975	12 mths. 1974
Analysis:	£m	£m.
Bulk shipping	13.5	21.9
General cargo	27.5	27.6
Passenger loss	6.9	*0.9
Europ. and Air Transport loss	2.2	*1.6
Gen. Holdings	5.6	4.7
Energy loss	0.4	1.5
Bovis‡	7.7	6.7
P & O Property	4.9	3.4
Banking loss†	0.4	*0.2

* Profit. † Including OCL. ‡ For six months in 1974.

The auditors, Deloitte and Co., have qualified the accounts as they are unable "like the directors, to judge whether a £23.7m. provision made against properties held by Bovis, will be adequate or excessive." However Bovis, which last year made an operating profit of £7.7m., after an £8.7m. provision in respect of development properties, has since sold properties to a value of £28m. and so quantified £7.3m. of the £23.7m. overall provision.

As regards properties included as fixed assets in the balance sheet at £108m., mainly at 1972 and 1973 valuations, the application of current rental values and yields would reduce this valuation figure to about 55 per cent. of the book value. The directors have taken the view that there should be no permanent dilution in value, because of the London location of these properties, their satisfactory rentals, and the improving trend investment values.

The directors add that the market value of the group's fleet is estimated to be about £120m. in excess of book value. A similar excess in the case of ships operated by associates has been reflected in the directors' valuation of shareholdings.

A net provision of £4.2m. has been charged against capital reserves to reflect a reassessment of the underlying security for advances and commitments of the Twentieth Century Banking Corporation, which was acquired with Bovis. The Board confirms that out of a total of £29m. of unsecured loans to the bank, some £20m. continued to be provided by National Westminster who "look to the Bank of England Lifeboat for support in this connection."

At a Press conference yesterday, Lord Inchcape said he expected the passenger division, which lost £6.9m. in the past 15 months, to return to profit in the current year. That period was affected by the Australian devaluation which cost over £1m., and also an extra £2.6m. of repair and refurbishing costs, stemming from the inclusion of two October/December quarters. Five ships have since been sold, bookings are good for the current season, and the division is ahead of budget, Lord Inchcape added.

In his annual statement the chairman says that "with an on-going heavy capital requirement we are, of course, taking all possible steps to reduce high cost borrowings." The accounts show that, excluding the net assets of the banking subsidiary, group borrowings have risen from £334m. to £428m. while cash and deposits have fallen from £55m. to £49m.

The group has contracted capital expenditure of £195m. (£200m.) but this will be spread forward to 1980. The Bulk Shipping Division and associate company Anglo Nordic, have renegotiated four ULCC building contracts, at a cancellation cost of £1.8m. These have been replaced with an order for five or six bulk carriers for delivery in 1977-78. Delivery of two further refrigerated ships and four LPG carriers have also been delayed.

The AGM will be held at noon on June 9, 1976 at P & O Building, Leadenhall Street.

See Lex

Better trading at Norvic

At the annual meeting of Norvic Securities, the chairman said the trading outlook was considerably better than at this time last year, but the "enormous increases" in raw material costs were such that increased trading would need extra financing.

As to the investment portfolio, he said investments undertaken in the latter part of 1975 could at current market prices lead to a requirement for a provision which roughly equalled the trading profit of £150,000 for the first quarter of the current year.

With the group's strong liquidity and particularly if the present trend in trading continued, the Board would, if at all possible, maintain the existing dividend.

Manders growth prospects

THE benefits of the Manders (Holdings) shopping centre development are already significant and the chairman, Mr. J. D. Tavendale, anticipates that earnings from this venture will be some £300,000 this year, and will continue at an annual rate of £350,000 until 1980. After that, "there will be a dramatic increase in earnings."

On the evidence of the level of rents achieved in letting the final phase during the difficult trading years of 1974 and 1975, the property surplus in 1980 and beyond will, in the chairman's opinion, jump to over £1.5m. in to-day's terms.

This figure ignores the effects that any further inflation will have on rents by 1980 and the probability that with the promised flow of North Sea oil by that time business confidence will be much improved.

It is difficult as ever to predict the immediate future, says Mr. Tavendale. Operating companies' profits are bound to be affected by increases in raw material costs brought about by the fall in the value of the pound and the "as yet unknown" effect of Government policy with regard to wages and salaries after the end of July this year.

As reported on April 22, pre-tax profits for 1975 increased from £1.71m. to £2.07m., and the dividend is raised from 1.896p to a maximum permitted 2.069p.

The improvement in profits during 1975 was "stronger" than the comparison suggests because it is estimated that the gain on stocks due to inflation was much greater in 1974 than in 1975 and if this factor calculated on a consistent basis is taken out of each year, group profits before tax become £1.38m. for 1974 and £1.93m. for 1975, an increase of 39.6 per cent.

The group's other activities are in paint and printing ink manufacture and wallpaper and decorators' requisites. Meeting, Wolverhampton, June 7 at noon.

Richardsons Westgarth

AFTER nationalisation is completed Richardsons Westgarth and Co., the Tyneside engineers and shipbuilders, will have a solid base from which to rebuild the group, according to Mr. A. D. McN. Boyd, the chairman, in his annual review.

Apart from the activities earmarked for nationalisation, he says it is heartening to see forecasts—"some dependent on order intake improvements"—that a "reasonable result should be achieved" in the current year.

As reported April 13, following the change of the financial year to December 31, 1975, the nine-month pre-tax profit was £1.35m. This is equivalent to a 12-month period of some £1.8m., about 23 per cent. lower than the £2.35m. achieved in the previous full year. While this is the first dip in profitability since 1970 it is not "perhaps unexpected" with the generally depressed state of industry, says the chairman.

Tax charge for the nine months is again largely deferred because of capital expenditure and stock relief. Capital expenditure at just over £750,000, though at a lower rate, still shows the directors' "continuing determination" to renew plant or make additions despite the slackness of trade.

The dividend total for the nine months is 2.8p net against 3.5786p for the preceding 12 months.

Meeting, Wallsend, June 9, 10 a.m.

MINING NEWS

TCL and Shell to open S. African colliery

BY KENNETH MARSTON, MINING EDITOR

AGREEMENT has now been reached in a joint venture between Transvaal Consolidated Land and Exploration and Shell Coal South Africa (a member of the international Royal Dutch Shell group) for the setting up of a colliery in South Africa's Transvaal. The new mine, to be known as Rietspruit, will have an annual output capacity of 5m. saleable tons of surface-mined coal.

Production is to start in 1979 at a rate of 3m. tons and will be increased to the full capacity as soon as the additional transport is available. It is also stated that the South African Government has given approval in principal to the exporting of the coal but that formal consent is still awaited.

The coal plan was first announced two years ago and, while, the terms of the deal have changed, it is basically a case of coal rights and options being contributed by TCL and its wholly-owned Manhattan Syndicate subsidiary and Shell to subscribe R6m. (£3.75m.) cash.

In return Shell will receive a half interest in Manhattan which will be the joint venture company. Because TCL is now to put in less coal rights than was originally envisaged, the company is also to contribute £4.46m. cash.

So here is yet another future earnings source for TCL which, as reported here on Wednesday, plans to spend some R170m. (£106m.) on the further expansion of its coal and chrome interests over the next seven years. The shares were £11 yesterday.

TEHIDY MAKING A SCRIP ISSUE

Net profits for Tehidy Minerals, which holds surface, freehold and mineral rights in Cornwall, have risen to £70,071 in the year to December 31 from £62,346 in the previous year and a one-for-one scrip issue is now proposed. A final dividend of 1.085p on the existing capital makes a total of 2.17p for the past year against 2.003 in 1974.

The recent sharp rise to record levels in the U.K. tin price will mean an increase in the royalty that Tehidy will receive from Saint Piran's South Crofty mine in the current year. Last month, Saint Piran announced that it had sold its entire holding in Tehidy, amounting to 23.75 per cent. Tehidy were a nominal 80p yesterday.

Phelps Dodge sees recovery

HELPED BY the recent recovery in the price of copper and increased sales of uranium, the current year's prospects are of recovery for America's Phelps Dodge. In 1975, the company's net earnings fell to $46.39m. (£25.25m.) or $2.26 (£1.23) a share from the previous year's record of $121.68m. or $5.92 a share. The dividend, however, was maintained at $2.20 a share.

The current U.S. producer price for copper of 70 cents a pound compares with a 1975 average of some 63 cents a pound and Phelps Dodge expects its copper sales to "increase significantly" this year.

On the uranium side, the wholly-owned Western Nuclear has contracts for 12m. pounds of uranium oxide running up to 1985 at various prices which are mostly subject to escalation. Around a third of the total deliveries are for 1976 and 1977.

Exploration continued during 1975 at the intriguing Aggeneys copper, lead, zinc, silver discoveries in the northern Cape Province in South Africa. A feasibility study on bringing them to production is nearing completion.

WORKING PROFIT AT GREENVALE

Economic clouds hanging over the big Australian Greenvale lateritic nickel operation in Queensland appear to have lifted. The venture, which is jointly owned by Australia's Metals Exploration and America's Freeport Minerals, has achieved an operating surplus in the March quarter of which Metals Exploration's share is $2.66m. (£1.8m.).

The move from losses to profits at this controversial venture has been accompanied by a further build-up in production. During the past quarter the output of nickel oxide reached 87 per cent. of design capacity, or 4.58m. kilograms compared with 2.98m. kilograms in the previous three months.

The benefits to Greenvale's nickel sales revenue of the devaluation of the Australian dollar against the U.S. dollar are stated to far outweigh the adverse exchange rate impact on the heavy purchases of fuel oil. By the same token, overseas loan repayments become more costly although these do not start until 1979 and they will stretch over a period of 10 years. Metals Exploration rose 6p to 67p yesterday.

UNION MINIERE'S THIERRY MINE

Despite delays caused by labour strikes, Belgium's Union Miniere still hopes to bring its Canadian $Can.100m. (£55.5m.) Thierry copper mine to production in the autumn. So far, proved ore reserves are put at some 15m. tonnes grading 1.83 per cent. copper, giving an operating life of at least 12 years. During the first two years the deposit will be mined by open-pit methods, the underground operation will then take over.

During the past year Union Miniere continued to lay the foundations of future income. A major step was the setting-up of a U.S. base. A 40 per cent. stake was acquired in a $200m. (£109m.) joint venture with New Jersey Zinc to establish a zinc mining and refining complex based on deposits in Tennessee. The first underground mine went into production in August and the total project is expected to be completed in 1979.

Union Miniere's research into the exploitation of metal-containing undersea nodules has entered a second phase which will include the study of mining methods and metal markets. The company has now received some 86 per cent. of its Frs.4bn. (£464m.) compensation for the expropriation of its former copper complex in Zaire. The shares were £27 yesterday. A stake of 17.6 per cent. in Union Miniere is held by Tanganyika Concessions, the shares of which which were 162p.

MINING BRIEFS

KENT (FMS)—April tin output [illegible] tonnes (March 32 tonnes).
KINTA KELLAS—April tin output [illegible] tonnes (March 67 tonnes).
MOUNT LYELL MINING—

	12 weeks to 24.3.76	[illegible]
Ore milled (tonnes)	530,150	[illegible]
Copper grade (%)	1.157	1.20
Concentrates (tonnes)	21,625	[illegible]
Grade (%)	24.9	[illegible]
Realisable metals in concentrates—		
Copper (tonnes)	3,180	[illegible]
Gold (grams)	104,604	[illegible]
Silver (grams)	843,834	[illegible]

ISSUE NEWS

BODDY INDS.

Boddy Industries is to seek a public quotation some time in early 1977. In yesterday's story the company was inadvertently referred to as Boddy International.

SHIRES SCRIP

The directors of Shires Investment propose a scrip issue of one-for-one and then a consolidation of the 25p shares into 50p shares.

BIDS AND DEALS

ALLIED PLANT TO BUY H. PICKUP

Allied Plant Group has signed a conditional contract to acquire H. Pickup with effect from January 1, 1976 for £350,000, to be satisfied by 266,000 Ordinary shares and cash (in two instalments) of £285,000 in total. Pre-tax profits of Pickup for the year to December 31, 1975 were around £117,000, and net assets in excess of £350,000.

Mr. F. K. West and his family (vendors of F. K. West) have elected to convert their £100,000 9.3 per cent. convertible unsecured loan stock and have been allotted 434,000 Ordinary shares in full satisfaction. This has the effect of removing the liability of £100,000 from the balance sheet and increasing assets per share.

Mr. M. E. Smith has resigned from the Board and Mr. J. Stansby has been invited to join it.

ASTRA STAKE IN INGALL PLACED

County Bank has arranged the placing of 1,288,400 Ordinary shares in Ingall Industries, funeral furnishing manufacturers, for an undisclosed price. The stake, representing 23.7 per cent. of the total equity and formerly held by Astra Securities, has been dispersed among a number of institutions.

The Board of Ingall has stated that pre-tax profits for the year ending June 30, 1976, will not be less than those recorded for the previous year (£288,000).

HELENE OF LONDON

Subject to holders' approval on May 24, Helene of London is selling the Mark Russell Group to a consortium, including two of the directors of the Mark Russell group, as already announced.

Price is £100,000 to be satisfied by immediate payment of £10,000 and the balance by half year instalments of £9,000 with substantial security provided. Effect is to reduce the maximum loss to Helene of £250,000 announced on March 9 to not more than £150,000.

ELEVATORS & ENG.

Lubok Investments, now owned by Lonrho, is offering 75p cash per share to acquire the 7 per cent. Preference shares of Elevators and Engineering not already owned—the existing holding represents 66.3 per cent. The E and E Board is recommending acceptance.

Lubok, when under the influence of Mr. Jim Slater, has already made a successful bid for the Ordinary capital of E and E.

Regalian

Regalian Properties is now in a position to become profitable on its own account, said the chairman Mr. D. J. Goldstone yesterday, announcing a new arrangement agreed on the remaining blocks of flats which Regalian purchased in 1972 from subsidiaries and associates of First National Finance Corporation.

Regalian is being released from its guarantee on charging to FNFC and other vendor companies those Regalian assets not already charged as additional security for outstanding debt. The company is entering into a management arrangement under which it will be entitled to receive commission and fees for the sale and management of the flats.

Final date for completion under the 1972 flats acquisition agreement has been postponed for two years to July, 1982.

The new arrangements have effect from March 1 this year and the Regalian financial period has been extended to 15 months, from January 1, 1975, to March 31, 1976. Results for this period will be announced by the end of August.

COMPANY NEWS

Better outlook for Currys

PROSPECTS FOR retailers of electrical appliances, television, radio equipment, etc., Currys "*may be said to be rather better* than they were when I last reported," says the chairman, Mr. Dennis Curry.

The recent halving of the rate of VAT on a high proportion of the goods sold by the group is "very welcome."

At present it is too early to make a more precise estimate but *it seems that there must be a* "modest" increase in the volume of sales and possibly also during *the coming* months some reduction in the prevalence of unreasonable price-cutting, he adds.

As reported on April 21, pre-tax profit increased from £6.86m. to a record £8.08m. in the year to January 28, 1976, on a turnover *up from £100.58m. to £114.73m.* The dividend is lifted from 3.359p to 3.69475p net.

Both cash and credit sales shared in the improvement in business but there was a slight fall over the year in amounts owing by credit customers.

Liquidity improved further. Cash and short-term deposits stand at some £10m. higher than two years ago.

Chairman's statement, Page 26

Doulton ahead at £7.61m.

TURNOVER of Doulton and Co. increased from £90.56m. to £119.44m. in 1975 and pre-tax profits were ahead at *£7.61m.* compared with £6.32m. previously. First half profits had risen from £3.04m. to £3.09m.

The year's profit is struck after deducting the share of associate's loss of £608,863 (£439,502 profit).

Dividends absorb £1.55m. (£1.3m.). The group, makers of fine china, lead crystal, ceramics, etc., is a subsidiary of S. Pearson and Son.

	Year 1975 £	1974 £
Turnover	119,445,000	90,564,000
Assoc. losses	608,863	*439,502
Profit	7,605,152	6,323,776
Tax	3,988,311	3,167,664
Minorities	325,474	573,281
Attributable	3,689,767	2,582,619
Dividends	1,550,000	1,300,000

* Profits.

Encouraging sales trend at Glenlivet

It was confirmed at the AGM of Glenlivet Distillers that sales in the first three months of 1976 were encouraging and that this trend has continued.

The Board expected that overall the distilleries would work at 91 *per cent. of capacity* in 1976, which—considering capacity—is 58 per cent. greater than three years ago, was "not unsatisfactory in the light of current trading conditions."

Spirax-Sarco progress

At the annual meeting of Spirax-Sarco Engineering the chairman, Mr. A. C. Brown, said trading results for the first four months of 1976 were very encouraging and, after making allowance for inflation, showed the group was achieving a substantial rate of progress.

Rowton Hotels pays maximum

ON A TURNOVER up from *£2.38m. to £2.84m.,* pre-tax profit of Rowton Hotels was little changed at £537,356, against £539,642 in 1975, after £244,000, against £243,000 at halfway.

Stated earnings per 25p share for the year were down from 9.01p *to 8.63p. A final dividend of* 3.0991928p lifts the total from 4.691875p to a maximum permitted 5.0991928p net.

Mr. W. Harris, chairman, reports that the London Park Hotel improved its occupancy over the *high level of 1974, while Mount* Pleasant Hotel and the Grand Hotel managed to maintain approximately their previous numbers. The Mill Hotel, Sudbury, reopened last December, and is steadily building up business, which should contribute to profits in the current year.

Forecasts are more difficult than formerly, he says. Present indications are that the hotels will have a busy year and the London hostels, despite a recent marginal decline in activity, will maintain an acceptable trading level. Parkview House, Birmingham, *is expected to start contributing* to profits.

A major problem is the severe increase in running costs which cannot all be recovered in prices, and margins continue to suffer. While anticipating a larger turnover in 1976, trading profits may again show only a "modest" increase, says Mr. Harris.

The group's financial position remains healthy and adequate to meet planned improvements and requirements.

	1975 £	1974 £
Turnover	2,844,390	2,382,314
Trading profit	488,327	452,852
Profit before tax	537,356	539,642
Taxation	210,391	198,797
Net profit	326,965	340,845
Extraord. items	—	13,323
Dividends	156,664	150,444
General reserve	160,000	130,000
Forward	169,204	168,425

Midway rise at Northern American

For the six months to May 1, 1976, net revenue of Northern American Trust rose from £354,979 to £396,981. Net revenue in the *year ended November 1, 1975, was* £779,430.

An unchanged net interim dividend of 0.7p per 25p share is declared absorbing £213,544—the previous final was 1.6p.

The first-half revenue is after tax of £30,160 (£58,872) and imputation tax of £198,255 (£149,673).

Net asset value per share is shown at 110.2p against 91.8p.

Statement Page 24

Wimpey sees another satisfactory year

THE SIGNS were that 1976 could be another satisfactory year, Mr. R. B. Smith, chirman of George Wimpey and Co., told the annual meeting. But he viewed with some concern the reduced level of work available at tight margins for next year and into 1978.

However, he said, "it would be wrong to be too pessimistic just when there are indications of some improvement in the economy."

Mr. Smith added: "As we have shown many times *in the past,* the wide range of our experience and involvement in different sectors of the industry, both at home and abroad, together with our ability to adapt quickly to changed market conditions, have enabled us to pull through difficult periods. I am sure we will do so again."

Last year was the first in which the group carried out an annual turnover in excess of £500m. It was of "particular significance" that £150m. of the work was undertaken overseas, compared with just £69m. in the previous year.

However, the strides made overseas should not be allowed to overshadow the success of operations in the U.K., Mr. Smith stressed. The U.K. regional organisation *remained* the solid base of operations.

He reported that the group started 1976 with a record order book and since then it had obtained a number of substantial bookings. In the U.K. the directors had been heartened by sales of private houses being higher than expected and confidence in this market was holding up "very well."

However, with unusually good weather for construction operations, "we have been eating into our U.K. workload at a very fast rate while opportunities for new work in both the public and private sector have been limited," the chairman pointed out.

Trust Union revenue up

REVENUE OF the Trust Union increased from £551,331 to £572,580 in the year ended March 31, 1976, after tax of £350,096, against £341,897. Income amounted to *£1.29m., against £1.18m.*

Stated earnings per 25p share are up from 2.49p to 2.63p and a net final dividend of 1.2p makes a total of 2.2p, compared with 2p previously.

Net asset value per share is *shown at 117p, against 88.2p.*

L. Gardner

The AGM of L. Gardner and Sons was told that profits for the first quarter, shown by internal unaudited figures, were "considerably" higher than for the comparable period in 1975, and present production and sales gave reason to hope that this improvement would be maintained.

Mr. B. T. R. Scruby has been appointed to the Board. Mr. J. K. Gardner is to retire as managing director with effect from June 30 next but *will remain a non-executive* director.

King and Shaxson scrip

NET PROFIT *of* bankers, etc., King and Shaxson, increased from £528,565 to £621,143 in the year to April 30, 1976, after rebate, tax and a transfer to contingencies.

The dividend is stepped up *from 2.8428p to a maximum per-*mitted 3.10386p net per 20p share with a final of 2.20386p, and a one-for-eight scrip issue is proposed.

The scrip issue, capitalising £200,000 of reserves, is for holders *registered on June 1.*

	1975-76 £	1974-75 £
Net profit	621,143	528,565
To capital reserve	200,000	—
General reserve	100,000	100,000
Pref. dividends	34,300	34,300
Pref. Ordinary	14,700	14,700
Ordinary	248,300	227,405
Forward	845,620	811,865

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	£26¼	£21¼	Burry Pacific Pd.T.$8	£25½	......	[illegible]	—	[illegible]	—
$10,500	F.P.	—	$10,500	$9,680	Brasilvest S.A.	$9,560	......	—	—	—	—
—	F.P.	—	£17½	£14½	I.C. Inds.	£17½	+⅛	$1.25	—	4.6	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £	+ or −
US$100	F.P.	—	$100	$100	Barclays Bk Intl. 9½% Cap. Notes 1985	$100	......
115p	Nil	18/6	7½	3	Bowring (C.T.) 10% Conv. 1987	5pm	−1
£98¼	F.P.	4/6	100	99½	Chester Water 8% Red. Pref. 1981	99½	−½
£99¾	F.P.	11/6	100¼	98½	East Worcs. Water 8% Red. Pref. 1981	99	−½
C$100	F.P.	—	99¼	96½	IAO 9½% Notes 1981	$97½	......
US$100	Nil	—	$99¼	$99¼	Lloyds Eurofinance Gtar. Fl'ting N'ts 1983	$99¼	......
US$100	Nil	—	101	100	Royal Bank of Scotland Floating Rate 1983	$101	......
US$100	F.P.	—	100½	100	Sandvik 9½% Bonds 1986	$100	......
£100	£50	8/7	74	60	Scot. Met. 8% Conv. 92/6	67	......
£99	F.P.	14/5	99⅞	99¼	Sutton Dist. Water 8% Prf. 1981	99½	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date †	‡	1976 High	1976 Low	Stock	Closing Price p	+ or −
87	F.P.	30/4	28/5	123	103	BICC	120	−2
250	Nil	—	—	40	33	Bank of Ireland	37pm	−2
70	Nil	—	—	36	28	Boddingtons	35pm	......
13	Nil	28/5	11/6	4¼	3¼	Boulton Wm.	3½pm	−½
65	Nil	18/6	15/6	17	8	Bowring (C. T.)	13½pm	−1
20	Nil	19/5	9/6	75	57	Brent Chemicals	72pm	−1
29	F.P.	18/3	15/4	35½	31	Concentric	31	......
190	F.P.	9/4	21/5	251	214	De La Rue	248	......
50	F.P.	20/4	11/5	94	66	Dew (G.)	93	......
50	F.P.	6/4	14/5	60½	55	Diploma Invs.	60½	......
50	Nil	19/5	9/6	20	16	Elliott (B)	17½pm	−½
36	F.P.	7/5	18/6	50	44	Eva Inds.	46	
63	Nil	17/5	11/6	15	6	Garnar Scotblair	9pm	+1
85	Nil	21/5	18/6	28½	20½	Glynwed	20½pm	−1½
106	Nil	14/5	11/6	38	25	Greene King	38pm	......
305	Nil	27/5	2/7	115	95	Heath (C.E.)	102pm	−5
56	F.P.	14/4	12/5	63	61	Jacob (W. & R.)	63	......
47½	Nil	—	—	18	16	Lesney Products	16pm	......
57	F.P.	3/5	20/7	71½	[illegible]	Lloyd (F.H.)	70	......
188	Nil	—	—	26	22	Lucas Inds.	22pm	−1½
105	F.P.	3/5	9/6	116	105	Lyons (J.) 'A'	105	−2
70	F.P.	21/4	19/5	99	88	Parker Timber	95	+1
16	F.P.	9/4	14/5	18½	17	Raine Engineering	17½	......
45	Nil	22/4	3/6	61	48½	Rolls-Royce Motors	59	−1
125	F.P.	4/5	1/6	165	144	Rotork	145	......
400	Nil	—	—	92	52	Selection Trust	52pm	−8
10	F.P.	7/5	28/5	15	12½	Southern Construction	12	−½
38	F.P.	15/4	28/5	54½	47	Staflex Int.	51½	+1½
64	F.P.	24/2	25/5	114	82½	Stenhouse Hldgs.	109	−5
240	F.P.	5/5	25/5	290	277	Taylor Woodrow	284	−2
45	Nil	—	—	11	4	Tricentrol	4pm	−2
42	F.P.	17/3	14/4	64	57	Triplex Foundries	58	......
87½	F.P.	23/4	6/6	97½	82½	Trust Houses Forte	92	−1½
130	F.P.	16/3	11/6	155	140	Turner & Newall	141	−4
46	F.P.	18/3	12/5	56½	47	Ward (T. W.)	55	......
$A1.20	Nil	18/6	—	62	38	Western Mining	52pm	+1
8	F.P.	19/3	20/4	14	12	Wheway Watson	11¼	......
70c	F.Pd.	—	—	81	67	Woodside-Burmah	63	−1
70	F.P.	13/4	14/5	91	76½	Youghal Carpets	86	......

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital; cover based on dividend on full capital. p** Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. M Figures based on prospectus or other official estimate for 1976. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ✠ Offered to holders of Ordinary shares as a "rights." ♥ 20 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ♦ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ✠ With warrants.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

First quarter at Philips confirms cautious optimism

BY CHRISTOPHER DUNN

PHILIPS Industries, the Dutch-based electrical and electronics giant, is still taking a cautiously optimistic view of prospects in 1976. This is the broad conclusion to be drawn from the first-quarter figures (January-March) announced yesterday in Eindhoven by Dr. Offergelt.

Sales have risen by a fifth to Fls.6.9bn. (£1.4bn.), and after direct costs of Fls.6.5bn., trading profits emerge at Fls.405m. (£80m.). This is an increase of 29 per cent. on the comparable period last year: trading margins have risen slightly to 5.8 per cent (5.4 per cent). The advance in trading profits should be measured against the trading gain of 52 per cent. for the 1973-74 quarter-on-quarter sessions.

Pretax profits have risen by 80 per cent. to Fls.240m. (£48m.), and after tax (Fls.120m.) minorities, and Philips' share of profits in non-consolidated companies (Fls.3m.) net profits are quoted at Fls.104m.—an improvement of 73 per cent. This is similar to the 1973-74 quarter-on-quarter advance of 75 per cent. Earnings are calculated by the company at 4.1 per cent. (2.5 per cent.), or Fls.0.54 per share (Fls.0.30).

In a statement accompanying the figures, Philips comments that a higher level of trading activity generated better capacity utilisation. "Large losses," however, were still sustained in a number of factories with poor capacity utilisation levels. In addition, despite upward adjustments, selling prices in some cases were still outpaced by rising costs.

Dr. J. W. G. Offergelt, Board member.

But in the consumer goods division — a problem area recently as demand deteriorated —sales growth accelerated by "slightly" more than the group norm of a fifth. The increase in trading profits was, in relative terms even higher than the above-average sales gain. Professional equipment and industrial supplies turnover rose "considerably" and professional equipment profits were described as "satisfactory." But although results from industrial supplies are improving, they are still inferior to first quarter 1975 returns.

In geographical terms, the most marked sales gains took place in North America, and in Latin-American countries. Philips added that the trend in profits in North America was "particularly gratifying."

The group reiterated its previous forecast, that sales volume this year should grow by roughly 7 per cent. Margins compared with 1975 levels, should improve slightly.

Additional figures released by the group illustrate how the improvement in profitability is being effected. Short-time working has continued in Philips' European factories in the first quarter and stocks have fallen from 38 to 32 per cent. of sales. (The company reckons the volume of temporary short-time working is falling now and time lost in 1976 should be halved to 5,000 man-years.) Average trade credit has been cut from 3.0 to 2.6 months, and payroll costs have also been reduced, judging by the fall in the work-force to 393,000 (404,000). Liquid assets, as a result, have increased from Fls.1.2bn. to Fls.1.5bn., the benefit of which is reflected in the profit and loss account this quarter by a 10 per cent fall in financial charges to Fls.150m. Lower interest charges also helped, according to the company.

Saudi orders Page 4
Lex back page

Union Miniere profits lower

BY DAVID CURRY — BRUSSELS May 13.

UNION Miniere, the local company in the Société Générale de Belgique's non-ferrous metals portfolio (SGB holds around 36 per cent. directly and indirectly of Union Miniere), produced overall profits of B.Frs.981.5m. last year despite recording a B.Frs.221m. operating loss. This compares with a B.Frs.1.25bn. 1974 overall profit when the operating results were B.Frs. 50.7m. in the black.

The company's income from its extensive portfolio of non-ferrous metals, chemical and steel investments was B.Frs.565m. last year, against B.Frs.461m. the year before, while its revenue from sales of portfolio holdings was nearly B.Frs.135m., against only B.Frs.25m. in 1974. The company's income from interest and diverse receipts was just short of B.Frs.1.1bn., against B.Frs.1.31bn. The company is paying B.Frs.700 net against B.Frs.950 the previous year.

Union Miniere is a mining and metal company which since the nationalisation of its holdings in Zaire—the basis of some of Katanga's wealth—has developed its international mineral prospecting business. It notes the main events of 1975 as:—

- An agreement with Gulf and Western industries in the U.S. to develop zinc-ore bodies in Tennessee. Three zinc mines should be opened by 1979, and together with the building of concentrators and a refinery the total project cost is some $190m. Union Miniere has 40 per cent. stake.
- Union Mines, a U.S. subsidiary, has participated in studies sponsored by Ocean Mining associates on the mining of nodules from the ocean bed.
- The reorganisation of the U.S. holdings under the control of a U.S. holding company 90 per cent. controlled by Union Miniere and the rest by Metallurgie Hoboken-Overpelt itself a Union Miniere company.
- The continuation of investigation of mining concessions held by Asturnex and Euromex in which the Belgian company has a 25 per cent. stake in Mexico as well as continued work in Canada (copper) and Brazil (zinc).

Commenting on the results the company notes the weak metal prices as the main factor in the profits decline together with higher amortisation charges on prospection and research (B.Frs.308m. v 178m.). The company has also put B.Frs.150m. aside for higher charges and risks.

Maritime Fruit sells two ships

MARITIME Fruit Carriers and Universal Gas and Oil said two reefer vessels were sold on April 23 by one of Maritime's U.K. subsidiaries to U.K. companies associated with the Salen'nvest group of Stockholm, Reuter reports from New York.

The vessels, the MV "Bristol Clipper" and the MV "Liverpool Clipper" were sold for a total of about $15.1m. Proceeds from the sale, amounting to about $3.6m. after payment of outstanding mortgage balances and other expenses, were used to meet trade debts and operating expenses.

The companies said it appears the vessel MV "Mandarinecore," arrested several weeks ago in Honolulu by the Bank of California, the vessel's first mortgagee, is to be sold on or about June 10, following a court order issued on May 10 by the U.S. District Court in Honolulu.

In a complaint filed with the court, they said, the Bank of California alleged the non-payment of instalments of principal and interest totalling $1.25m. and had requested authority to proceed immediately with the sale of the vessel to recover about $6.5m. in outstanding obligations.

Reuter

Ford makes 10.6m. sales forecast

BY STEWART FLEMING — NEW YORK, May 13.

FURTHER evidence of the emerging boom in motor car sales in the U.S. came to-day with an announcement from Ford Motor Corporation that it has revised its forecast for domestic sales (including imports) up from 10.4m. units to 10.6m.

Speaking at the company's annual meeting in Dearborn, Michigan, Mr. Henry Ford II, the chairman, admitted however that neither the company's market share nor its profits were as strong as they should be, especially in the U.S.

He said that the company's decline in its share of the U.S. market "reflects in part the current weakness of the sub-compact segment of the market where Ford's share is high." Ford retains its number two position in the motor market behind General Motors and Mr. Ford said that he expects the company's market share to improve when new models are introduced in the autumn.

The Ford forecast for the U.S. motor market this year is slightly higher than the recently announced GM projection which indicated sales of 10.5m. units. If the figure of 10.6m. units is achieved it would be the third best year for auto sales, well below the peak of 11.5m. sold in 1973, but comfortably ahead of the 8.6m. units sold in the seriously depressed 1975 period.

Since last autumn the motor manufacturers have been steadily revising upwards their estimates of 1976 sales. They have been caught unprepared for the sudden resurgence of demand particularly in demand for large cars as distinct from the compacts which proved most attractive to consumers in the wake of the post-1973 energy crisis.

Singer forecasts profitable 1976

BOSTON, May 13.

SINGER expects "that the worst is over and we can expect a good profitable 1976," Joseph B. Flavin, chairman, told the annual meeting.

"We have accomplished our primary objective of restoring the company to profitability," he said.

Mr. Flavin also said that the company has discovered a half-dozen cases "of possible improper payments involving the company." These cases are in addition to the alleged political contribution in Maryland that the company reported last year.

Mr. Flavin said in these additional cases "the amounts involved . . . were small." He added that "in all cases the employees involved were dismissed, demoted or reprimanded, depending upon the circumstances.

Mr. Flavin also said that since the end of last year employment has been reduced by 4,000 people. The number of employees had been reduced by 13,000 at the end of last year. Singer currently has more than 90,000 employees worldwide, he said.

The company expects that by the end of June "we should announce the sale of several other facilities totalling 1m. sq. ft. of idle manufacturing space."

Mr. Flavin said total borrowings were down at the end of the first quarter to $833.8m. from $757.5m.

Japanese car industry criticised by Toyota

NAGOYA, May 13.

THE PRESIDENT of Toyota Motor, Eiri Toyoda, said Japan may have too many car firms for its own good, and predicted reorganisation of the motor industry will become an issue of great concern.

Speaking at a business seminar Toyoda said Japan, with 11 vehicle manufacturers, has more than any other nation and if the number is not reduced by mergers or through reorganisation of the industry, the firms could be weakened by competition.

The current "big three" of the industry are Toyota—the biggest single manufacturer — Nissan Motor which makes Datsun cars and Toyo Kogyo Ltd which produces rotary-engined Mazdas.

In a separate development, a spokesman for Toyota said the company has reached a provisional agreement with Suzuki motor company under which Suzuki will buy 500-cc engines from Toyota.

A formal accord is expected to be concluded later this year, calling for purchase of about 2,000 engines a month over three years, and Toyota will also extend technical assistance to Suzuki.

The agreement is purely a commercial one and does not mean the smaller company is entering the Toyota group, the spokesman said. The engines concerned cover only about 10 per cent. of Suzuki's production, which is mainly motor-cycles, he said.

Comeng withdraws William Adams bid

BY JAMES FORTH — SYDNEY, May 13.

COMENG holdings, Australia's largest manufacturer of rolling stock, to-day withdrew its $A25.5m. offer for William Adams and Co., steel and aluminium merchant and tractor and earthmoving distributor.

The abrupt end to the approach only six days after Comeng sprang the surprise bid came after the Caterpillar tractor and earthmoving group took a hand in the drama. Caterpillar told Comeng that it would terminate its franchise with William Adams if the takeover was successful. William Adams holds the Caterpillar franchise for Victoria and Tasmania. In recent years it has provided the greater part of Adams' earnings, contributing about 65 per cent. of the 1974-75 group profit.

Comeng was obviously surprised by the Caterpillar action it had arranged for a meeting with Caterpillar for to-morrow to discuss the position.

As the day progressed a flurry of letters criss-crossed between all parties. Caterpillar sent a letter to Comeng informing the company of its attitude towards its franchise. Comeng sent a reply to Caterpillar and a letter to William Adams that it had dropped the bid. Comeng also sent a letter to its own major shareholder, Australian National Industries, replying to claims by ANI that the Comeng offer had been made solely to water down its equity stake in Comeng from 19 per cent. to 12 per cent.

William Adams also put out a letter rejecting the Comeng offer and giving its reasons. Although the Comeng withdrawal made the Adams letter academic the directors said they considered the bid was not in shareholders' best interests.

They had given particular attention to a number of matters including the future value of Comeng's offer bearing in mind the likely dilution of Comeng earnings per share and net tangible asset backing; the source, substance and quality of Comeng's earnings and cash flows the nature of the business conducted by Comeng compared with Adams and the uncertainty of the continuation of the company's franchise arrangements.

The Adams' Board also endorsed "without reservation" an earlier statement by their chairman, Mr. Jim Rutherford, that he did not favour the Comeng offer. In its letter Caterpillar said the Comeng offer could cause it concern in a number of areas. There was the possibility of the offer developing into an "unfriendly takeover" which could have an impact on the morale and effectiveness of the management of the subsidiary William Adams Tractors.

There would be a loss of effective control over the affairs of William Adams Tractors by senior management.

Comeng said it was surprised at Caterpillar's action when the two companies had made arrangements to hold discussions. The influence Caterpillar was able to exert upon a proposal which would normally be resolved by Adams' shareholders raised "interesting implications" for shareholders in Australian public companies which hold similar licences.

Finally, Comeng denied ANI claims that its bid was made to water down ANI equity position.

Herstatt damages

The district court in Bonn yesterday rejected a damages claim brought by the Herstatt savers' association against the West German Government, a court spokesman said.

The association had argued that the Federal authorities failed in their duty by not stepping in earlier at the Cologne-based Herstatt Bank which collapsed in June 1974 with losses of DM1.2bn. An appeal will be made to the regional court in Cologne, Reuter reports.

Japan bankruptcies

Japanese corporate bankruptcies involving bad debts of Yen10m. or more totalled 1,206 cases in April, up 28.8 per cent. from a year earlier. Teikoku Koshinsho, a private business inquiry agency, said the April bankruptcies left Yen165.86bn. in liabilities, up 46.1 per cent. from a year earlier, AP-DJ reports.

Publicis loss

Publicis S.A., the advertising and publicity concern reported a consolidated loss of Frs.4.89m. against a net profit of Frs.4.39m. The parent company alone reported a net profit of Frs.1.38m. against Frs.5.93m. The consolidated turnover Frs.1.591bn. against Frs.1.577bn. AP-DJ reports from Paris. The company is to maintain the dividend payout at the 5 francs net paid for 1974.

Insurance income

General Reinsurance of Greenwich, Connecticut, announced adjusted income for the first quarter of 1976 as $10.37m., an increase of 55.4 per cent. from the first quarter 1975 figure of $6.67m. Based on 5.445m. shares outstanding at March 31, income per share was $1.91 for the quarter as against $1.23 for the first quarter 1975.

Kaiser sale

Kaiser Cement and Gypsum, 37 per cent. owned by Kaiser Industries, said it again agreed to sell its entire interest in Ryukyu Cement of Okinawa, Japan, but for less money than it would have received under a separate agreement last summer.

Bruxelles Lambert expecting growth

BY DAVID CURRY — BRUSSELS, May 13.

COMPAGNIE Bruxelles-Lambert, one of Belgium's main holding companies, expect higher profits for 1976 after reporting net earnings up from B.Frs.435m. to 717m. in 1975. Baron Lambert, the company's president, said he expected the Banque Bruxelles-Lambert, the banking group formed by the takeover by the Banque de Bruxelles of the Banque Lambert merchant banking and investment operation, to pay a dividend for 1976 and the company would also benefit from interest payments on loans made to the bank.

Baron Lambert affirmed that the company still intended to create a "super" holding company above two major groups embracing the banking and investment side respectively but that this new structure would have to wait until the new bank group had written off the 1974 Banque de Bruxelles B.Frs.35m. foreign exchange losses.

The company is repeating its net B.Frs.110 per share dividend because Belgian anti-inflation regulations have frozen pay-outs. The company's asset value at the end of last year is put at B.Frs. 11.53bn. (B.Frs.9.58bn.), while the break-up value per share at year end was B.Frs.2,940 against B.Frs.2,441.

The main positive influences on revenue were increases in portfolio earnings (B.Frs.887 v 625m.); higher income from realisation of holdings (365 v 285m.); and lower amortization on the portfolio (109m. v 171m.). Negative factors were higher fiscal provisions (B.Frs.81m. v B.Frs.4m.) and increased pension fund allocation (55 v 28m.).

Nearly 35 per cent. of the group portfolio worth some B.Frs.4bn. was at the end of the year in the banking and financial sector. Other significant holdings were in petrol (B.Frs.1.7bn.); steel and metal manufacturing (B.Frs.1.3bn.); and audio visual (B.Frs.1bn.). The biggest individual holdings were in Banque Bruxelles Lambert (around 22.7 per cent. of portfolio); Petrofina; Compagnie Luxembourgeoise de Télédiffusion; Electrobel, and L'urbaine. More than three-quarters of assets are in Belgium and Luxembourg.

The group has set itself a triple objective: getting bigger; getting more international; and diversifying services. It is also committed, as a big shareholder in important companies, to spurring rationalisation and expansion by offering both risk capital and expertise.

The 1972 merger of Compagnie Lambert, Brufina, Cofinindus and Cofinter set the pattern of growth and the effective merger of the Banque de Bruxelles with its extensive chain of branches with the Banque Lambert marked the next big jump in this process. The Compagnie's subscription of nearly B.Frs.2bn. towards a B.Frs.3bn. subordinated loan to the merged bank and the revenue from the loan have had a strong influence on the 1975 results.

Kobe Steel price rises

TOKYO, May 13.

KOBE STEEL plans to start talks this month with major customers, including car makers, shipbuilders and engineering firms, on a steel price increase, company president Hiroaki Suzuki said.

He told a press conference the company hopes to raise the price of steel products by 11 or 12 per cent. or just under Y10,000 per tonne, from July.

Meanwhile Nippon Steel corporation, Japan's largest steel firm, declined comment on local press reports the company will make a final decision on the extent and timing of a steel price increase within a day or two.

Suzuki said the company's steel division is expected to make a loss of Y7bn. in the second half-year ended March 31, as it is losing about Y10,000 per tonne in spite of price increases in 1974 and 1975.

Reuter/AP-DJ

Caribbean Bank assets up 50%

BY TONY COZIER — BRIDGETOWN, May 13.

TOTAL resources of the Caribbean Development Bank rose in 1975 from US$97.73m. to $146.13m., according to the Bank's report, just issued from its headquarters here.

Major sources of these additional resources arose from the establishment of a $25m. trust fund in the Bank by the Venezuela Investment Fund, an agency of the Government of Venezuela; a replenishment of some $6m. to the agricultural fund by Canada; a soft loan of $6.3m. to the special development fund by the Federal Republic of Germany; a contribution of $5m. to the special development fund by Columbia; and an increase in paid-up capital and ordinary reserves of $6.7m.

During the year, too, disbursements nearly quintupled, reaching a total of $22.29m. against the $4.75m. of 1974. The Bank had started the year facing a large backlog of approved projects, and the decision was taken to place greater emphasis during the year on project implementation rather than on project preparation and appraisal.

Borrowing countries were requested to appoint project officers to assist in speeding up project implementation and a small loan administration and supervision unit was created in the Bank to liaise with borrowers for this purpose. As a result disbursements showed an increase of 317 per cent over the cumulative figure for the previous five years.

Priority was given to the consolidation of operations in agriculture and, in particular, to the implementation of projects which had been slow to get started. The report notes however, that while some distinct progress in project implementation in both the public as well as the private agricultural sectors had been recorded, there was still much room for improvement. The major obstacle to greater progress lies, it states, in the difficulty of securing competent management personnel, particularly in the public sector projects.

In addition, the weakness in the organisation of the marketing of agricultural products of the region—except the traditional exports (sugar, bananas, citrus, cocoa, rice, nutmeg)—continues to be a serious cause for concern.

The report says that the Bank has been making strenuous efforts to improve the situation, but the necessary support at the local institutional level had not been sufficiently forthcoming to make any real impact on what is "without doubt a difficult problem."

The bank has shown particular interest in promoting small viable family-run farms, in which levels of management and technology will ensure a satisfactory standard of efficiency and help to provide a strong economic base for the much-needed diversification and restructuring of the agricultural sector.

In this connection, the bank has commissioned a study to quantify the characteristics of the small farmer, in particular to highlight the major limitations to raising production and productivity among the important group in the rural areas of the region. The results of this study are due this year.

Nor has manufacturing industry been neglected, in particular small industries, which benefit from the small industry credit scheme (SIC) as well as from the SOLI (small ordinary loans for industry). Eighty-six loans, totalling $1.44m. were made under the former, and 13 loans, totalling $530,000 under the latter.

In addition, a loan to the Small Industries Corporation of Guyana of approximately $2m. will be used to provide credit to small and medium-sized industrial projects there. This loan is being financed out of the proceeds of the Venezuela Trust Fund.

The Bank also assists with the financing of industrial estates, and, in 1975, factory buildings were completed in St. Vincent, St. Lucia, Dominica and St. Kitts-Nevis, totalling 74,000 square feet of floor space, with another 76,000 square feet now in train, of which Montserrat accounts for part.

Clearly, 1975 was a year of achievement for the Caribbean Development Bank. Not only was there more money available but the reluctance to lend, of which the Banks had been accused—and which is reflected by the percentage of disbursements to approvals since 1970: nil, nil, 2.5, 6.4, 10.5 and now 32.3 in 1975; appears to have given way to a more dynamic approach.

This can only make for good effects in a region whose leaders are under great pressure from their people to get some action going.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

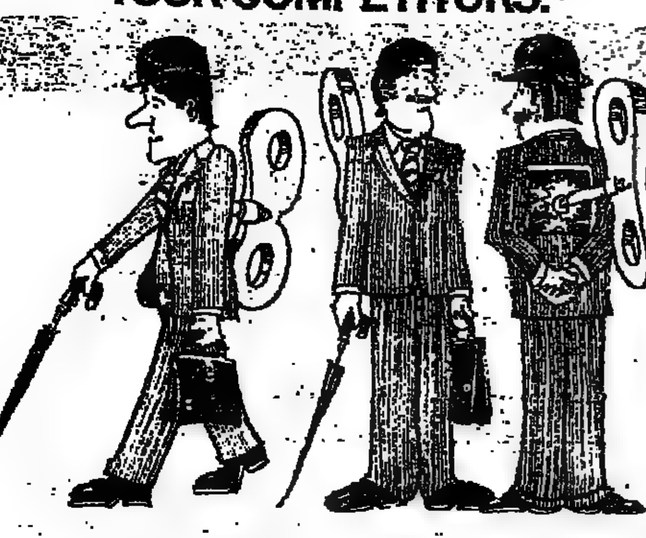
STRAIGHTS	Bid	Offer
Aquitaine 10pc 1985	102¾	104¼
Ashland 8pc 1987	95½	96½
Austraswiss 8pc 1987	94	95
BFCE 8½pc 1981	99½	100½
CNB 9½pc 1985	100½	101½
Conoco 8pc 1988	100	101
ECS 9¼pc 1986	100	101
EIB 9½pc 1985	102½	103½
Erap 9¼pc 1985	101½	102½
Esso 8pc 1986 Nov.	100½	101½
Eurofima 8¾pc 1983	99	100
Granges 9½pc 1985	101	102
Massey 9¼pc 1982	103	104
Michelin 9¼pc 1986	100	101
Modo 9½pc 1983	100	101
Newfoundland L. 9¾pc '86	103½	104½
New Zealand 9½pc 1982	103	104
Norpipe 9½pc 1986	99½	100½
Norsk Hydro 9½pc 1986	101½	102½
Oslo 9pc 1989	99½	100½
Pacific Light 8pc 1988	95	96
Prov. Quebec 9pc 1984	100½	101½
Scanraff 9½pc 1988	100	101
SFE 9pc 1983	100	101
Shell 8pc 1986	100	101
Stand. Oil (Ind.) 8¼pc '88	103	104
Svenska Handels 9½pc 1986	100	101
Volvo 9½pc 1985	102	103
NOTES		
Barclays 9½pc 1982	101½	102½
British Gas 9pc 1981	101	102
Charbonnages Fr. 8¾pc '81	99	100
Denmark Mrt. Bk. 9pc 1982	99½	100½
ECS 8½pc 1981	101	102
EEC 8¼pc 1982	97½	98
Electricity Cel 8¾pc 1981	98½	99½
Montreal 9¾pc 1983	102	103
Nippon Steel 9½pc 1980	102	103
Norway 8¾pc 1981	100½	101½
Prov. Quebec 8½pc 1981	100	101
Seagram 9pc 1983	102	103

Source: White Weld Securities

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	81½	[illegible]
Ashland 5pc 1988	86½	[illegible]
Beatrice Foods 4½pc 1992	94½	[illegible]
Beatrice Foods 4¾pc 1992	104½	[illegible]
Borden 5pc 1992	97½	[illegible]
Broadway Hale 4½pc 1987	78	[illegible]
Canon Camera 7pc 1989	139	[illegible]
Carnation 4pc 1987	88½	[illegible]
Chevron 5pc 1988	113	[illegible]
Dart 4¾pc 1987	91½	[illegible]
Eastman Kodak 4½pc 1988	114	[illegible]
Economic Labs. 4½pc 1987	81	[illegible]
Fed. Dept. Stores 4¾pc '85	125	[illegible]
Firestone 5pc 1988	85	[illegible]
Ford 6pc 1986	100	[illegible]
Ford 5pc 1988	88½	[illegible]
General Electric 4¾pc 1987	98½	[illegible]
Gillette 4¾pc 1987	78	[illegible]
Gould 5pc 1987	86½	[illegible]
Gulf and Western 5pc 1988	98	[illegible]
Harris 5pc 1992	83½	[illegible]
Honeywell 6pc 1986	82½	[illegible]
ITT 4½pc 1987	79½	[illegible]
Komatsu 7pc 1990	103½	[illegible]
J. Ray McDermott 4¾pc '87	138½	[illegible]
Mitsubishi Elec. 7½pc 1991	103½	[illegible]
Mitsui 7¼pc 1990	101½	[illegible]
J. P. Morgan 4½pc 1987	113½	[illegible]
Nabisco 5½pc 1988	93½	[illegible]
Owens Illinois 4½pc 1987	108½	[illegible]
J. C. Penney 4½pc 1987	82	[illegible]
Pioneer 8pc 1989	[illegible]	[illegible]
Revlon 4¾pc 1987	[illegible]	[illegible]
Reynolds Metals 5pc 1988	[illegible]	[illegible]
Sperry Rand 4¼pc 1987	89	[illegible]
Squibb 4½pc 1987	79	[illegible]
Texaco 4½pc 1988	81½	[illegible]
Toshiba 8pc 1989	105	[illegible]
Union Carbide 4½pc 1982	125	[illegible]
Warner Lambert 4½pc 1987	88½	[illegible]
Warner Lambert 4½pc 1988	[illegible]	[illegible]
Xerox 5pc 1988	74	[illegible]

Source: Kidder Peabody Securities

YOUR COMPETITORS:



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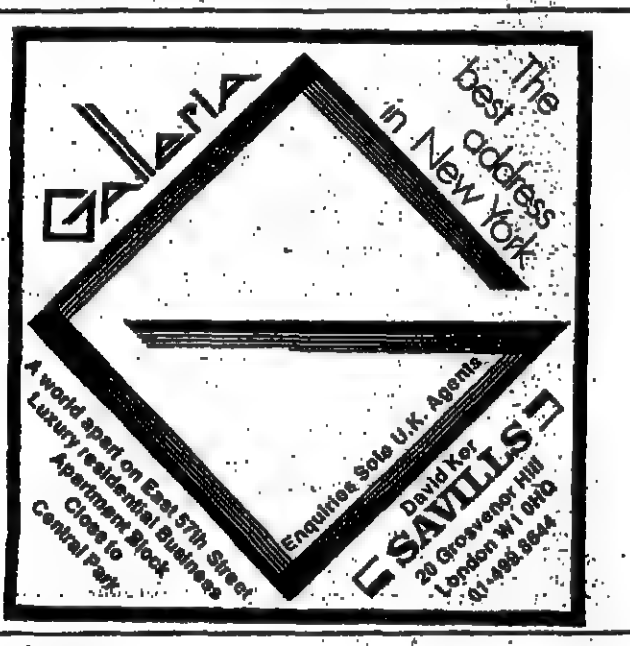


COMPANY NEWS

Royal Dutch-Shell first quarter net £284m.

CALCULATED on a new basis, *net income divisible between* Royal Dutch and Shell Transport was £284m. for the first quarter of 1976 compared with a restated £268m. for the previous comparable period.

A new U.S. accounting standard governing translation of foreign currency amounts into the currency in which the accounts are presented was introduced in 1975. Prior to its introduction the group deferred net differences in translation into sterling of long-term debt for amortization over its remaining life.

The new standard requires that all such translation differences must now be taken to income in the quarter in which they arise.

The substantial swings that may result can distort the underlying profit trend, say the directors. Although, coincidentally, the effect on net divisible income for the full year 1975 was negligible the effect on the individual quarters was large.

First quarter income on the new basis compared with £220m. on the old basis, for the second quarter it was £110m. against £237m., for the third £319m. against £217m., and for the last £253m. against £274m. Total for the year was £950m. compared with £948m.

Statement of income	First quarter 1976 £m.	*1975 £m.
Sales proceeds	5,450	4,111
Sales taxes, etc.	1,016	780
Other revenues	91	102
Share associates	42	60
Interest income	47	40
Revenue	4,614	3,533
Purchases & op. expenses	2,981	2,307
Selling, general and admin. expenses	395	406
Exploration and research and development	104	81
Depreciation, etc.	123	117
Interest expense	33	44
Tax, excluding ACT	626	504
Minority int.	35	29
Net divisible income	†284	268

* Restated. † Net income does not include any charge for U.K. ACT payable on dividends flowing from U.K. companies to Shell. Any such tax is allocated to Shell T. and is available as a credit against its total liability for this tax, which is calculated on the dividends declared to shareholders.

With the rapid decline of sterling in the latter part of the first quarter of this year, the change in accounting policy gave rise to a net reduction in income of £85m., the bulk of which would have been deferred for future amortization under the previous system. This reduction was partly offset by the effect on current sterling income of the decline in that currency.

Total sales of crude oil and oil products were unchanged from the first quarter of 1975, the first time since the third quarter of 1973 there has not been a quarter-on-quarter fall.

This reflects a measure of resumed growth in some major markets. Natural gas sales volumes and earnings continued to increase. The chemicals business saw a further strengthening of the recovery experienced in late 1975, and a significant improvement in earnings.

Shell Oil in the U.S. reported earnings up some 94 per cent. from the depressed corresponding quarter of 1975.

Capital expenditure was £281m. for the quarter against £243m. Long-term debt increased over the quarter from £2,128m. to £2,310m.—£111m. of the increase resulting from the decline in sterling. Holdings of cash and short-term securities, also affected by the decline in sterling, rose to £2,467m.

Financial Data	First quarter 1976 £m.	1975 £m.
Income including minorities share	319	268
Depreciation	125	117
Other funds from ops.	104	*7
Funds provided from ops.	548	378
New long-term borrowings	62	95
Currency translation	111	*8
Other funds	16	95
Total funds provided	736	551
Funds applied:		
Capital expenditure	281	243
Increased invs. in assocs.	53	12
Increase in net cur. assets	208	238
Other funds applied	36	39
Divs. to minorities	8	17
Cash and short-term secs.	2,467	1,731
Long-term debt	2,310	1,846

* Losses.

Operational Data	Thousand barrels daily	
Crude supply:		
Europe	163	113
Africa	554	622
Middle East	1,730	1,984
Far East and Australasia	399	282
U.S. and Canada	1,261	1,216
Rest of West	230	730
Total	4,388	4,921
Crude processed	4,126	4,476
Total sales oil products	4,730	4,725
Europe	1,890	1,786
Rest of East	891	939
U.S. and Canada	1,321	1,590
Rest of West	315	415
Crude oil	574	624
	Million cubic feet daily	
Sales of natural gas:		
Europe	4,736	4,174
Rest of West	—	219
U.S. and Canada	2,682	2,782
Rest in West	—	219
Total	7,914	7,461
Chemicals sales proceeds:	£m.	£m.
Europe	258	166
Rest of East	28	32
U.S. and Canada	191	110
Rest of West	16	14
Total	495	322

Figures shown represent totals reported by consolidated companies (those companies in which there is a majority interest) plus, for crude oil processed and sales of natural gas, the group share in respect of associates (companies in which interest is 50 per cent. or less).

See Lex

Downturn at White Drummond

Group turnover of unit trust managers, etc. White Drummond and Company, decreased from £2,031,000 to £1,463,000 in the half year to March 31, 1976, and net profit was down from £450,103 to £300,627, after tax of £299,840, against £389,952.

Non-insurance interests account for £1,203,000 (£676,000) of turnover and £232,467 (£149,843) of profit.

Stated earnings per 5p share were down from 4.8p to 3.45p. The interim dividend is raised from 1.131p to 1.25p net—last year's total was 2.823p from net profits of £760,200.

The directors have decided that profits arising from continuing assurance business should be *included in the reported group* profit only so far as they form part of a surplus revealed by actuarial valuation.

The next such valuation will be made after the end of the present financial year, and the assurance profits now reported therefore only reflect certain business, from guaranteed deposit bonds, which has terminated.

It is proposed to change the name to M and G Group (Holdings).

Royal Sovereign off £0.2m.

PRE-TAX PROFIT for 1975 of Royal Sovereign Group contracted from £688,318 to £477,358. When reporting first half profit down from £298,116 to £225,802 the directors said they were confident the second half profit position "should substantially improve."

Turnover for the year advanced from £7.05m. to £7.55m. of which overseas subsidiaries and direct exports from the U.K. contributed £2.31m. (£1.75m.).

For the first quarter of the current year turnover is up 13.1 per cent. and this trend has continued through April. This, coupled *with the continuing* economies made during 1975, "should produce a return to the company's traditional pattern of growth," the directors state.

Stated earnings per 25p share for the year decreased from 7.8p to 5.1p. The dividend is raised from 2.2p to the maximum *permitted 2.38p net with a final* of 1.29p.

	1975 £	1974 £
Turnover	7,554,720	7,047,153
Pre-tax profit	477,358	686,318
Taxation	249,014	341,295
Minorities	1,679	3,440
Attributable Ord.	222,046	337,056
Retained	119,426	245,182

The company manufactures stationery, office requisites, books and toys, toiletries and fancy goods.

English and Caledonia

Gross revenue of English and Caledonia Investment slipped from £824,384 to £792,733 in the year to March 31, 1976 but net revenue rose slightly from £363,765 to £379,774 after tax of £240,915 against £236,634.

Earnings are shown to be up from 2.43p to 2.56p per 25p share and the dividend is lifted from 2.1p to 2.3p net with a final of 1.65p.

The net asset value per share is given as 92.2p compared with 73.2p.

Booth Int. recovery to £0.53m.

PRE-TAX PROFIT of hide and skin merchants and tanners, Booth (International Holdings), recovered to £526,000 in 1975 after falling to £250,000 in the previous year. Exports advanced by over 20 per cent.

At midway the increase was from £104,000 to £172,000 and the directors said they were looking for further improvement in the second half.

They now report that turnover in the current year remains good in both the rawstock business and English tanneries, which continues in full production.

Stated earnings per 25p share are 7.46p against 3.39p and the dividend total is lifted from 2.68p to 3.575p with a final payment of 2.385p net.

	1975 £000	1974 £000
Turnover	18,248	17,268
Profit	607	251
Share assoc. loss	81	51
Profit before tax	526	250
Taxation	302	149
Extraord. debits	3	7
Available	221	94
Dividends	107	56

J. Williams Cardiff downturn

FOR THE six months to March 31, 1976, taxable profit of John Williams of Cardiff shows a £74,000 contraction at £251,000.

The interim dividend per 25p share is held at 0.67p net and the directors forecast a higher final dividend than last year's 1.1175p—paid from profits of £661,108.

Chairman Mr. H. E. Williams points out that conditions were difficult, but only once in the company's history has a higher profit been achieved at midway.

He says the steel industry recession has affected profitability of the Steel Service Centres. But the group's steel stockholding operation is now enjoying a mild *upturn in business* and the directors expect a further improvement in the second half.

Losses incurred in the Ghent Steel Centre in Belgium have been eliminated and the group has sold its shares in that joint venture, recovering its initial investment in full.

The directors, however, remain optimistic about prospects in Europe, and other export markets.

The foundry division profit was "well up to expectations," and demand remains buoyant both home and overseas.

The architectural products division is also trading profitably and has a healthy order book. The directors have high hopes of selling aluminium windows in quantity to Saudi Arabia and a useful initial order has just been won.

Royal Insurance

ANNUAL GENERAL MEETING

At the 131st Annual General Meeting of the Royal Insurance Company Limited held on Thursday, 13th May, in Liverpool, the Chairman, Mr. D. Meinertzhagen, made the following comments additional to his statement circulated with the Annual Report and Accounts.

As you will have seen, underwriting conditions in 1975 generally remained difficult throughout the world particularly so in the United States, but nevertheless improvements in results were achieved in all but two of the main territorial divisions, the most notable improvement being in Australia where the underwriting loss was reduced by over 60% in comparison with the previous year. We were also able to show some improvement in the United States despite the fact that the insurance industry there as a whole suffered its worst year ever but there still remains a long way to go before we achieve our full objective of restoring this very important sector of our underwriting operations to profitability. In Canada too we were able to show some improvement on a much increased premium income.

In the United Kingdom we again achieved a useful profit on underwriting despite the effects of inflation and increasing competitive pressures. It does require constant vigilance and endeavour to ensure that a satisfactory outcome emerges from each year's operations and on stockholders' behalf I pay a special tribute to Mr. Williamson, the General Manager for the United Kingdom, and the team he leads for their further success last year.

Turning to the current year, I mentioned in my Statement that following the storms in January in this country and with continuing problems in the U.S., the improvement for which we are looking might not emerge to a material extent until the second half of the year. Indeed, the first quarter figures which have just become available, and which we are releasing to the press during the course of this meeting, show an underwriting loss of £15.9m. compared with a loss of £7m. in the first quarter last year. Investment income increased from £12.9m. to £18.8m. and the estimated operating profit, after tax, for the first quarter is £2.4m. compared with a profit of £4.2m. in the first quarter of 1975.

The increase in the underwriting loss is mainly due to the impact of the very severe storm damage in January, principally in the U.K., but also in North West Europe, and to a storm of hurricane proportions in the Atlantic provinces of Canada in early February. It is estimated that the cost of these storms to the group will be some £8m. more than might normally be expected in the first quarter and has therefore materially affected the results for the period, since in accordance with our usual practice the claims have been charged in full to revenue account.

In consequence for the first time for a number of years our home business suffered an underwriting loss in the first quarter.

In Canada, in spite of the exceptional storm damage our underwriting loss in dollar terms was only marginally greater than that of the first quarter of last year.

In the U.S. where the results also suffered from the effects of severe weather the underwriting loss showed an increase from £7.5m to £10.0m. The operating ratio was 109.9% compared with 108.7%. In that territory the Automobile business again showed a substantial underwriting loss though slightly less than that for the first quarter of 1975. There was a loss on Workmen's Compensation business and on some other lines of commercial business. The effects of the widespread rate increases obtained last year have in large measure still to come through to the results, mainly in the latter part of the year. I can assure you that unremitting attention continues to be given to the underwriting problems.

On Australia, I am glad to say that the first quarter showed a welcome return to underwriting profitability.

In Europe, and in particular Holland, there was an underwriting loss due in large part to the same January storms as hit this country.

I should mention that £2m. of the increase in the underwriting loss was due to the effect of the depreciation of sterling on overseas underwriting losses. Conversely the effect of this on investment income was to increase it by £2m.

Finally, with regard to the first quarter I would emphasise, as *we have done in the past, that a single quarter's results do not* provide a reliable guide as to the likely outcome of the year as a whole and this point is particularly important in the case of a quarter, such as this one, which has been so seriously affected by *storm claims of exceptional severity,* the incidence of which must be unpredictable but which after all we are in business to cover.

I mentioned in my Statement that Sir St. John Elstub is not seeking re-election to the Board and I would like at this meeting to thank him personally and on behalf of the stockholders for the valuable service he has rendered the Group since he joined the Board in 1970.

The Report and Accounts were adopted and the payment of the final dividend for the year was approved. The election and re-election of directors was also approved and the auditors' remuneration agreed.

The meeting closed with a vote of thanks to the Directors, Management, Staff and Agents proposed by D. J. Bibby and seconded by B. L. Rathbone.

Estimated Results for the three months ended 31st March, 1976

The estimated results for the three months ended 31st March, 1976, with comparative figures for the corresponding period in 1975 and for the full year 1975 are given below:—

	3 months to 31 Mar 1976 £m	*3 months to 31 Mar 1975* £m	Year 1975 £m
General insurance:			
Premiums Written	239.5	189.8	786.9
Underwriting result:			
U.S.A.	−10.0	−7.5	−24.2
Elsewhere	−5.9	0.5	−8.2
Total	−15.9	−7.0	−32.4
Long term insurance profits	[illegible]	0.4	1.7
Investment Income	18.8	12.9	62.5
Share of Associated Companies' profit	0.5	0.4	0.9
Total profit before taxation	3.8	6.7	32.7
Taxation	1.4	2.5	11.4
Minority Interests	0.0	0.0	0.2
Profit after taxation	2.4	4.2	21.1
(p. per unit)	(1.6p)	(3.5p)	(15.9p)
The operating ratios for the U.S.A. are:—			
Claims as % of earned premiums	83.3	81.1	78.3
Expenses as % of written premiums	26.6	27.6	28.8
Operating ratio	109.9	108.7	107.1

Note: *In the above figures foreign currency has been converted according to our normal practice at approximately the average rates of exchange ruling during the period.* The principal rates were:—

U.S.A.	$2.00	$2.39	$2.22
Canada	$1.99	$2.39	$2.26
Australia	$1.59	$1.77	$1.69

Long Term Insurance

New business written in the first three months of the year with corresponding figures was:—

	3 months to 31 Mar 1976 £m	3 months to 31 Mar 1975 £m	Year 1975 £m
New life & annuity premiums:			
Periodical premiums	3.9	2.8	14.2
Single premiums	3.7	2.7	14.8
Total	7.6	5.5	29.0
New sums assured	208.7	156.4	746.1
New annuities per annum	7.7	6.2	30.9

BANK OF AMERICA

NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, May 12. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America Eurodollar Libor as of May 13 at 11.00 a.m.
3 months: 5 1/2 6 months: 6 1/4

SDR1=$US1.15171

Country	Currency	Value of DLR	Country	Currency	Value of DLR	Country	Currency	Value of DLR
Afars & Issas	Djibouti Franc	183.7025	Grenada	E. Caribbean $	2.6105	Paraguay	Guarani (m)	126.0
Afghanistan	Afghani (o)	45.30	Guadeloupe	Local Franc	4.6863	P'ple D. Rp. of Yemen	S. Yemen Dinar	0.3454
Albania	Lek (m)	3.49	Guam	U.S. $	1.00	Peru	Sol	45.0
Algeria	Dinar (a)	4.1982	Guatemala	Quetzal	1.00	Philippines	Ph. Peso	7.4500
Andorra	Fr. Franc	4.6535	Guinea Rep	Sily	20.38	Pitcairn Is.	NZ $	0.9262
	Sp. Peseta	67.51	Guinea Bissau	Peso	29.95	Poland	Zloty (m) (o)	3.32
Angola	Ang. Escudo	29.85	Guyana	Guyanese $	2.5400	Portugal	Port. Escudo	29.95
Antigua	E. Caribbean $	2.6105				Port Timor	Timor Escudo	29.95
Argentina	Ar. Peso (o)(?)	140.17	Haiti	Gourde	5.00	Principe Isle	Port. Escudo	29.95
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Multiple exchange rate system, commercial rate used. (a) Approximate rate. (o) Official rate. U.S. dollars per sterling unit. † Argentine peso: effective March 5, 1976. Exchange rate system merged, now only two rates, official rate and tourist rate.

For further information please contact your local branch of the Bank of America.

APPOINTMENTS

Capel-Cure Myers

Mr. Claude Hankes-Drielsma has been appointed as adviser to the Board of CAPEL-CURE MYERS, stockbrokers. He will resign in due course from the Board of Robert Fleming and Co., merchant bankers, where he has been responsible for that company's international banking and international corporate finance. Mr. Hankes-Drielsma expects to be working closely in his new role with clearing and merchant banks, both domestically and internationally.

★

Mr. L. Sherwood, Mr. S. Banks, Mr. J. A. W. Nicholls and Mr. D. A. Franklin have resigned as directors and Mr. A. H. Ball, Mr. M. A. Foster and Mr. J. H. King have been appointed directors of LUBOK INVESTMENTS.

★

Mr. Sandy GGilmour, a director of Joseph Sebag and Co., has been appointed chairman of the NATIONAL PLAYING FIELDS ASSOCIATION. He succeeds Lord Luke, who has served as chairman of the association for the past 23 years.

★

Mr. Larry W. Guthrie, previously sales and marketing manager, has been appointed sales director of BESTOBELL HOME PRODUCTS and BESTOBELL HOME APPLIANCES. Mr. Gordon Pritchett, previously production manager, has become production director of both companies.

★

Mr. D. Reid, a director of North West Plant Finance, has been appointed to the Board of NORPLANT INTERNATIONAL and Mr. Peter A. Roberts has joined the Board of North West Plant Finance.

★

Mr. Alan B. Heywood has been appointed to the Board of MIDLAND VENEERS, part of International Timber Corporation, as sales director.

★

Mr. Colin Cashmore has been appointed managing director of NORWEST HOLST INTERNATIONAL and has been succeeded as managing director of Holst and Co. by Mr. John Wilkinson.

★

Professor Lord Queensberry has been elected president of the DESIGN AND INDUSTRIES ASSOCIATION in succession to Sir Misha Black who held the office since 1974.

★

Mr. Fred Hoult, managing director of Hoults, has been elected president of the BRITISH ASSOCIATION OF REMOVERS. Mr. Robin Mason, of Sellers of Hull, has become National Chairman of the Institute of the Furniture, Warehousing and Removal Industry.

★

Mr. Erik Olander, managing director of Star Paper, has been elected to the main Board of KYMI KYMMENE, of Finland.

★

Mr. Conal K. Gregory has been elected vice chairman of the BOW GROUP.

INTERIM STATEMENT

Lloyds and Scottish

Consolidated Profit and Loss Account for Half Year ended 31st March 1976.

	Half year to 31/3/76 (unaudited) £'000	Half year to 31/3/75 (unaudited) £'000	Year to 30/9/75 £'000
Profit before Taxation (Note 1):			
The Company and its subsidiaries	5,284	4,504	9,913
Share of associated companies	1,334	1,554	3,190
	6,618	6,058	13,103
Deduct: Estimated Taxation (Note 3):			
The Company and its subsidiaries	2,802	2,370	5,201
Share of associated companies	687	758	1,508
	3,489	3,128	6,709
Profit after Taxation	3,129	2,930	6,394
Deduct: Profits attributable to minority shareholders	125	109	157
Profit attributable to Lloyds and Scottish Limited	3,004	2,821	6,237
Extraordinary Items (*Note 2*)	—	—	50
Profit after extraordinary items attributable to Lloyds and Scottish Limited	3,004	2,821	6,287
Dividend (see below)	1,421	1,265	3,251
Profit retained	1,583	1,556	3,036

Notes:

1. The accounting policies set out in Note 1 on the Accounts for the year ended 30th September 1975 have been applied for the purposes of this statement.
2. Extraordinary items accrue mainly from the realignment of foreign currencies and, as previously, it is considered appropriate to deal with such differences in the annual accounts. In the period 1st October 1975 to 13th May 1976 foreign loans equivalent to £2.6 million have been converted into sterling resulting in an exchange loss not already provided for in earlier years of £273,000.
3. U.K. taxation has been provided at the rate of 52 per cent (year to 30th September 1975—52 per cent).

Comments on Results:

A modest increase in new business transacted was achieved in spite of the continuance of adverse trading conditions.

Lower average cost of borrowings offset higher expenses and profits show some increase over the same period last year.

In the absence of unforeseen circumstances it is expected that the pattern of trading will not show much change in the second half of the year.

Dividend:

The Board has decided to bring the interim more into line with the final dividend and accordingly has declared an interim dividend for the year to 30th September 1976 of 1.40p per share (1975—1.26p) payable on 2nd August 1976 to shareholders registered at the close of business on 2nd July 1976.

G. DUNCAN,
Chairman.

Lloyds and Scottish Limited

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Again easier ahead of banking figures

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 13

FURTHER MODERATE losses were recorded in reduced trading on Wall Street to-day, when many traders displayed caution ahead of the weekly U.S. Banking Supply figures due to be released late in the afternoon.

By 1 p.m. the Dow Jones Industrial Average shed a further 2.44 to 1,003.23 and the NYSE All Common Index gave way 20 cents to $54.54, while declines outnumbered advances by a seven-to-four margin. Trading volume decreased another 1.37m. shares to 9.6m., compared with 1 p.m. yesterday.

Brokers relate selling in part to a recent rise in short-term interest rates on indications the Federal Reserve continues to tighten credit policy.

Motors were fractionally mixed, although some car makers reported sharp increases in early May sales of new cars.

Du Pont were off $1½ at $153½, while Teledyne slipped $2 to $58⅝.

But Superior Oil climbed $3 to $156.

Singer gained $⅜ to $21½ on its optimism about its outlook for 1976.

Heavily traded Sony also picked up $⅛ to $9⅞.

Longs Drug Stores were lowered $1¾ to $77—shareholders approved an increase in capital to effect a previously announced two-for-one stock split.

But Exxon firmed $⅝ to $98⅞—an Exxon Unit announced a copper-zinc find in North Eastern Wisconsin.

International Telephone and Telegraph held unchanged at $27¾—French Government sources said telephone contracts were awarded to a Unit of ITT.

Mcdonald's were down $1⅝ at $58⅝. Burroughs dipped $2 to $100⅜, heavily traded Williams were off $1⅜ at $22¾, and Hewlett-Packard declined $1½ to $109⅝.

THE AMERICAN SE Market Value Index moved up a further 0.80 to 105.81, but the turnover decreased 90,000 shares to 1.3m. compared with 1 p.m. yesterday.

Closing prices and market reports were not available for this edition.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Pan Amer. Air.	549,100	5½	−⅛
Litton Industries	426,600	17⅛	−⅛
Fed. Nat. Mort.	257,300	14⅞	+⅛
Texas Utilities	239,100	18⅝	—
Best Prod. new	231,100	7½	−⅛
Middle S. Ut.	229,400	14	−⅛
Boeing	225,300	35	+¼
Transco	210,300	12⅛	+1
Champ. Int.	193,500	24⅛	−⅛
Olin	150,000	35⅛	+⅛

OTHER MARKETS

Canada again higher

Canadian Stock Markets continued to resist New York's weakness and showed a higher trend in active mid-day trading yesterday.

The Industrial Share Index was more than ¼ of a point higher, while there were also gains in Base Metals and Western Oils.

PARIS—Most sectors lost ground, but Stores and Chemicals were mixed, while Banks and Engineerings were steady.

In the Foreign sector, Americans were mixed to steady, while Golds and most other shares were lower.

BRUSSELS — Losses slightly outnumbered gains, in quiet trading.

Steels were mostly higher. Hainaut-Sambre rose Frs.25 to Frs.2,345.

Hoboken gained Frs.65 to Frs.4,055 in generally steady non-Ferrous Metals. Electricals and Utilities were lower. Traction et Electricite lost Frs.40 to Frs.2,780 and Ebes were off Frs.15 to Frs.2,015.

In mixed Chemicals, Solvay recovered Frs.50 to Frs.2,525, despite its lower profits. Gevaert declined Frs.18 to Frs.1,186.

Oils firmed, while Holdings finished little changed.

U.S. shares were mostly slightly higher. Dutch and German sectors were lower, while French stocks were steady.

Among weak South African Gold Mines, Vaal Reefs declined Frs.34 to Frs.740.

GERMANY—Broadly lower in moderate trading.

Banks declined. Electricals lost ground, while Chemicals were lower across the board.

Motors mostly gave ground: VW shed DM1.70 to 140.30. Machine Makers were lower. Steels declined across a wide front, while Metals were mixed to lower.

Minings averaged losses of about DM1. Utilities were lower, Stores were also weaker, while Breweries were about steady.

In Fixed Interest Securities, selling pressure increased in Domestic Public Bonds, which shed up to DM0.40. Deutsche Bundesbank bought DM1.5m. of stock.

SWITZERLAND—Irregular in selectively active trading.

Banks were narrowly mixed. Bally shed Frs.20 to Frs.1,540 on profit-taking. Insurances were little changed, while Chemicals were irregular.

In Foods, Nestle eased but Hero firmed slightly. Sulzer Registered and Participation Certificates each gained slightly in Engineerings.

State Bonds were fairly steady.

Dollar stocks were narrowly mixed. Dutch Internationals were barely steady with Unilever markedly lower. Germans were irregular.

AMSTERDAM—Most shares lost ground on lack of interest with Royal Dutch off Fls.1.8 and Philips off Fls.0.4 despite their higher first quarter profits. Akzo eased Fls.0.7, while KLM gave way Fls.1.4.

Banks mostly declined. Insurances also fell, with Amev down Fls.1.50, Ennia Fls.2.50 and Amfas Group Fls.1. Nationale-Nederlanden rose Fls.0.50.

Transportations were narrowly mixed.

State Loans were quietly mixed.

MILAN—Lower over a broad front, returning towards the year's lows, with widespread selling pressure and scant investor interest ahead of next month's Italian elections.

Bonds were quietly lower.

OSLO—Industrials and Bankings were steady. Insurances quiet, while Shippings were slightly irregular.

VIENNA—Steady in featureless trading.

COPENHAGEN—Mixed in fair dealings ahead of to-day's holiday. Banks were slightly higher, but Communications, Insurances and Commodities were lower. Industrials were mixed.

AUSTRALIA—Generally higher on renewed interest in a wide range of Minings and Industrials.

Pancontinental rose 65 cents to $A10.85 on strong demand and Queensland Mines gained 5 cents to 2.30.

Base Metals were mixed.

North Broken Hill gained 5 cents to 1.72, but MIM lost 7 cents to 2.68, Robe River shed 2 cents to 1.20 and Peko-Wallsend also eased 2 cents to 5.84.

Tin leader, Renison jumped 30 cents to 3.70 and Placer Developments moved up 20 cents to 15.30.

Oils were generally firmer, with Ampol Explorations up 5 cents to 90 cents and AA Resources 7 cents to 1.15.

Among Industrials, BHP put on 4 cents to 7.38 and CSR were lifted a further 15 cents to 4.60.

Coal stock AAR moved up 6 cents to 1.15 but Utah lost 3 cents to 3.67.

HONG KONG—Lower in increased trading.

Hong Kong Bank were down 10 cents to $HK19.80, Hong Kong Land 15 cents to 7.30, Hutchison 2½ cents to 2.90, Jardine 40 cents to 21.80 and Hong Kong and Kowloon Wharf 20 cents to 17.00.

TOKYO—Generally higher as active selective buying spread over a wide front. Volume 220m. (200m.) shares.

Non-Life Insurances, Steels, Textiles and Shippings gained ground, while Foods were mixed.

The Government's standard price system for three petroleum products was abolished, and Nippon Oil lost Y4 to Y346. But Arabian Oil added Y20 at Y1,900.

Japan Carlit dropped Y37 to Y263 on profit-taking.

Matsushita Seiko rose Y19 to Y949 on an earnings increase.

Sony jumped Y130 to Y2,930, and Makita climbed Y70 to Y1,930. Kyoto Ceramic added Y10 to Y4,500.

Among Foods, House Food rose Y80 to Y1,430, and Ezaki Glico Y20 to Y1,090, but Marudai shed Y20 to Y1,110.

Nihon Parkerizing dropped Y28 to Y339, following police inspections of its facilities near Tokyo.

JOHANNESBURG—Gold shares recovered after early easiness, with a few issues showing gains on balance. Financial Minings were easier, where traded.

In Platinums, PP Rust, shed 5 cents to R260 while, among Coppers, Messina gained 10 cents following its results.

In other Metals and Minerals, Gefco declined 10 cents to R10.10, as did Msauli to R395.

Pound weaker

Sterling's recent improvement was reversed in the foreign exchange market yesterday, with the pound losing ground against the U.S. dollar and most other major currencies. It closed at $1.8270-$1.8280 in terms of the dollar, a fall of 1.15 cents on the day, and sterling's trade-weighted average depreciation against 10 currencies since the Washington Currency Agreement, as calculated by the Bank of England widened to 37.4 per cent. from 36.9 per cent., and stood at 37.4 per cent. at noon and 37 per cent. in early dealings.

Nervousness ahead of the U.K. trade figures for April was a possible reason for the fall, but the pound may also have been hit by the early overall weakness of the dollar against major European currencies. Selling orders from Switzerland were reported to have had an adverse effect in a thin market.

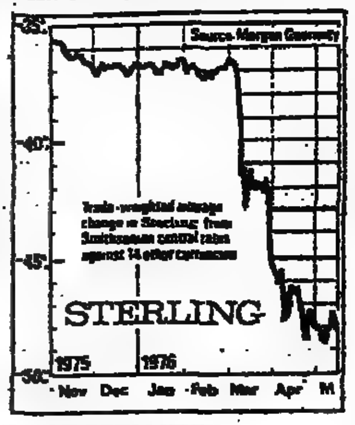
News that the National Union of Mineworkers national executive had voted to back the Government-TUC wages policy helped to reduce the losses towards the close.

The pound opened at $1.8375-1.8385 and the worst level touched against the dollar was $1.8225-1.8235.

The U.S. unit recovered most of its early losses against most currencies and showed little overall change on the day at the close. Its trade-weighted depreciation against 14 currencies since the Washington Agreement, as calculated by Morgan Guaranty of New York, narrowed to 1.92 per cent. from 1.96 per cent.

Gold fell $¼ to $127¾-128¼. The krugerrand's premium over its gold content was unchanged for domestic delivery but widened to 3.22 per cent. in the international market.

The following graph of sterling's depreciation is based on Morgan Guaranty's calculation and not on Bank of England figures.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	May 12	May 11
Sterling	0.628166	0.629127
U.S. dollar	1.15171	1.15519
Belgian franc	44.9685	44.8706
Deutsche mark	2.95778	2.95602
French franc	5.39461	5.39909
Italian lira	978.781	971.015
Japanese yen	345.728	345.997
Dutch guilder	3.11307	3.11015
Swedish krone	5.06061	5.05501
Swiss franc	2.87087	2.86418

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

GOLD MARKET

	May 13	May 12
Gold Bullion (a fine ounce)		
Close	$127¾-128¼	$127½-128¼
Opening	$127¾-128¼	$128-128½
Morning fix'g	$127.80 (£69.620)	$128.00 (£69.786)
Afternoon fix'g	$127.70 (£69.800)	$127.85 (£69.750)
Gold Coins, domestically		
Krugerrand	$130¼-132¼ (£71¼-72¼)	$130½-132½ (£71¼-72¼)
New Sov'r'gns	$46-47 (£25¼-25¾)	$46½-47½ (£25¼-26¼)
Old Sov'r'gns	$44½-46½ (£24¼-25¼)	$44-46 (£24-25)
Gold Coins, internationally		
Krugerrand	$131-133 (£71¾-72¾)	$131-133 (£71½-72½)
New Sov'r'gns	$46½-47½ (£25-26)	$46½-47½ (£24¾-25¾)
Old Sov'r'gns	$41-43 (£22½-23½)	$41½-43½ (£22½-23½)
$20 Eagles	$215-218	$214-217
$10 Eagles	$109-112	$109½-112½
$5 Eagles	$78-81	$78-81

FOREIGN EXCHANGES

May 13 1976	Bank Rate %	Market Rates Day's Spread	Close
New York	5½	1.8225-1.8385	1.8270-1.8280
Montreal	9½	1.7845-1.8006	1.7885-1.7895
Amsterdam	4	4.82-4.88	4.84½-4.85½
Brussels	7	71.00-71.80	71.30-71.50
Copenh'gen	8½	11.02-11.11	11.02½-11.03½
Frankfurt	3½	4.64-4.69	4.66-4.67
Lisbon	6½	54.60-55.10	54.70-54.90
Madrid	7	123.50-124.15	123.85-123.95
Milan	12	1,546-1,576	1,556-1,566
Oslo	5	9.99-10.04	10.00½-10.01½
Paris	8	8.64-8.72	8.66½-8.67½
Stockholm	5½	8.04-8.09	8.04½-8.05½
Tokyo	6½	545-555	548-549
Vienna	5	32.50-32.85	32.70-32.80
Zurich	3½	4.55-4.60	4.55¼-4.56¼

* Basic discount. † Given rates are for convertible francs. Closing financial franc 73.15-73.35.

OTHER MARKETS

			Note Rates
♦ Argen'na	286.05-286.25	Argentina	280-300
Australia	1.4636-1.4790	Austria	33-34
Brazil	19.19-19.80	Belgium	72½-74½
Finland	7.05-7.07	Brazil	21-24
Greece	66.096-67.768	Canada	1.79-1.83
H'ngkong	8.9775-8.9975	Denmark	11.0-11.2
Iran	127-129	France	8.60-8.70
Kuwait	0.532-0.542	Germany	4.60-4.80
Luxemb'g	71.30-71.39	Greece	64-68
Malaysia	4.685-4.695	Italy	1700-1800
N. Zealand	1.8097-1.8253	Japan	545-555
Saudi Arab	6.45-6.55	Netherl'nds	4.80-5.0
Singapore	4.5155-4.5370	Norway	10.0-10.2
S. Africa	1.5886-1.6106	Portugal	55-56
U.S.	—	Spain	120-124
Canada		Switzerl'nd	4.50-4.70
[illegible]		U.S.	1.81-1.85
U.S. cents	102.09-102.11	Yugoslav'ia	32½-34½

Based on rates quoted by special dealers. ♦ Rate given is Official Rate. BCRA Rate 422.33-432.35.

FORWARD RATES

	One month	Three months
New York	0.85-0.75 c. pm	2.40-2.30 c. pm
Montreal	0.25-0.15 c. pm	0.80-0.60 c. pm
Amst'dam	3¼-2¼ c. pm	8½-6½ c. pm
Brussels	Par-20 c. dis	8c. pm-15c. dis
Cop'nhg'n	1½-3½ ore dis	1½-6½ ore dis
Frankfurt	3½-2½ pf. pm	9½-8½ pf pm
Lisbon	par-50 c. dis	20 pm-80 c. dis
Madrid	par-50 c. dis	par-100 c. dis
Milan	40-50 lire dis	100-115 lire dis
Oslo	1 ore pm-1 ore dis	5-3 ore pm
Paris	1½-½ c. pm	3½-2½ c. pm
Stockh'lm	2 ore pm-par	6-4 ore pm
Vienna	25-05 gro pm	60-50 gro pm
Zurich	4-3 c. pm	11½-10½ c. pm

Six-month forward U.S. dollar 4.60-4.50c. pm and 12-month 8.35-8.25c. pm.

EXCHANGE CROSS-RATES

May 13	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	—	[illegible]	54.45-48	[illegible]	[illegible]	94.34-40	102.41-48
N. York	39.21-25	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	4.6782-6822	—	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	—	71.21-3	14.41-45	[illegible]
London	4.66-67	1.8270-80	[illegible]	71.30-50	—	4.84½-85½	4.55¼-56¼
Am'rd'm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]
Zurich	[illegible]	[illegible]	65.18-24	[illegible]	[illegible]	92.19-38	—

U.S. $ in Montreal. U.S. $ = 97.94-96 Canadian cents.

Canadian $ in New York. C$ = 102.07-09 U.S. cents. U.S. $ in Milan 848.0-850.0

Sterling in Milan 1551.0-1552.0. * Rates for May 12

EURO-CURRENCY INTEREST RATES*

May 13 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German Mark	Swiss Franc
†Short term	9¼-10¼	4⅞-5⅛	6-9	4½-4¾	3-3¼	1½-2½
7 days' notice	10½-10¾	4⅞-5⅜	8½-8½	4½-4¾	3-3½	1½-2½
Month	10⅝-10⅞	5⅛-5⅜	8½-8¾	4⅝-5⅛	3½-3¾	1-1½
Three months	10⅞-11⅛	5⅝-5⅞	8⅝-8⅞	4⅝-5	3⅝-3⅞	1⅜-1⅝
Six months	11-11¼	6⅛-6⅜	9⅛-9⅜	4¾-4⅞	3⅞-4	2⅛-2⅜
One year	12-12½	6⅝-7⅛	9½-9¾	4⅞-5⅛	4⅛-4⅜	2¾-3

Euro-French deposit rate: two-day 7½-8½ per cent.; seven-day 7½-8½ per cent.; one-month 8¾-9 per cent.; three-month 9¾-10 per cent.; six-month 10¼-10½ per cent.; one-year 10½-10¾ per cent.

Longer-term Eurodollar deposits: two years 7¼-7½ per cent.; three years 7½-8¼ per cent.; four years 8¼-8½ per cent.; five years 8¼-8½ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one month 5¼-5⅜ per cent.; three months 5 11/16-5 13/16 per cent.; six months 6¼-6⅜ per cent.; one year 6¾-6⅞ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-days' notice for guilders and Swiss francs.

Indices

NEW YORK—DOW JONES

	May 12	May 11	May 10	May 7	May 6	May 5	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
Industrials	1005.67	1008.81	1007.48	988.22	989.55	993.49	1,011.02 (21/4)	944.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home Bonds	72.48	72.57	72.67	72.78	72.86	72.92	73.60 (22/1)	65.11 (2/1)	—	—
Transport	220.96	220.81	218.56	214.15	212.41	211.65	220.97 (11/5)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	87.58	87.46	87.55	87.87	87.65	87.42	91.90 (4/2)	84.84 (2/1)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	18,510	23,590	22,760	17,810	16,200	14,670	—	—	—	—

	May 7	April 30	April 23	Year ago (approx.)
Ind. div. yield %	3.72	3.70	3.69	4.64

STANDARD AND POORS

	May 12	May 11	May 10	May 7	May 6	May 5	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	115.58	115.77	116.87	114.55	115.72	115.40	118.57 (24/3)	101.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
†Composite	102.77	102.95	103.10	101.88	101.16	100.88	105.51 (24/3)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	May 5	April 28	April 22	Year ago (approx.)
Ind. div. yield %	3.44	3.33	3.26	3.76
Ind. P/E Ratio	13.66	13.88	14.00	10.55
Long Govt. Bond yield	5.60	5.58	5.49	6.14

N.Y. S.E. ALL COMMON

May 12	May 11	May 10	May 7	1976 High	1976 Low
54.74	54.84	54.90	54.36	56.29 (24/3)	48.04 (2/1)

Rises and Falls May 12

Issues Traded—1,859 Up—612

Down—807 Same—440

New Highs—55 New Lows—9

MONTREAL	May 12	May 11	May 10	May 7	1976 High	1976 Low
Industrial	—	—	194.28	193.58	195.67 (15/3)	176.52 (2/1)
Combined	—	—	186.96	186.64	188.47 (24/2)	173.67 (2/1)
TORONTO Industrials	186.51	184.77	183.44	182.92	187.45 (30/3)	173.81 (2/1)
JOHANNESBURG Gold	205.6	207.5	205.7	189.4	224.7	174.6
Industrials	212.1	212.1	212.3	211.7	212.9 (10/5)	198.6

	May 13	Previous	1976 High	1976 Low
Australia (a)	462.04	465.70	472.91 (12/3)	442.82 (2/1)
Belgium (b)	102.35	101.70	115.12 (6/2)	101.33 (10/5)
Denmark (d)	104.84	104.30	107.79 (20/1)	[illegible]
France (e)	65.6	65.8	74.6 (15/2)	62.4
Germany (f)	746.9	751.7	821.1 (17/3)	749.8
Holland (g)	95.8	96.1	105.5 (15/3)	93.8
Hongkong (h)	410.29	414.50	465.52 (17/3)	364.28 (2/1)
Italy (k)	76.17	76.60	91.51 (25/2)	72.2 (4/5)
Japan (m)	342.52	340.52	344.51 (24/5)	326.2
Singapore (n)	—	267.80	293.16 (5/3)	258.39
Spain (p)	98.17	97.44	100.75	[illegible]
Sweden (q)	462.53	465.28	476.96 (12/3)	[illegible]
Switzerl'd (r)	283.9	285.1	296.6	[illegible]

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors—10; (a) Sydney All Ord. (b) Belgian SE 31.12.63 (d) Copenhagen SE 1.1.73 (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970 (h) Hang Seng Bank 31.7.64. (k) Milan 2.1.73. (m) Tokyo New SE 4.1.68. (n) Straits Times 1966. (p) Madrid SE 31.12.74. (q) Stockholm Industrials 1.1.58. (r) Swiss Bank Corp. 31.12.58. (u) Unavailable. ‡ Excluding bonds. * 425 Industrials. † 425 Inds., 50 Utilities and 25 Rails. (c) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—123½% (124¼%).

NEW YORK

Stock	May 12	May 11
Addressograph	9½	9½
Aetna Life & Cas.	25⅞	25¾
Air Products	30⅞	30¼
Airco	27⅝	28¼
Alcan Aluminium	30	29⅞
Alcoa	53	53⅞
Allegheny Ludlm.	39⅛	39
Allegheny Power	18	18⅛
Allied Chemical	38⅞	39⅛
Allied Stores	49¾	49¾
Allis Chalmers	21	20⅞
Amax	56⅛	55¾
Amerada Hess	22¼	23
Amer. Airlines	12	12
Amer. Brands	40⅞	41⅛
Amer. Broadcast.	30¾	30
Amer. Can	34	34
Amer. Cyanamid	25⅛	24⅞
Amer. Elec. Powr	21¾	21¾
Americ'n Express	33⅞	33⅞
Amer. Home Prod	33⅜	33⅞
Amer. Medical	8⅛	8¼
Amer. Motors	5⅛	5⅛
Amer. Nat. Res.	35¾	35⅛
Amer. Standard	25¾	25¾
American Stores	26¾	26¾
Amer. Tel. & Tel.	57¾	58
AMF	20⅞	20¼
Ampex	7¼	7⅜
Anaconda	24⅛	24
Anchor Hocking	30⅞	31⅛
Anheuser Busch	32	32
Armco Steel	31¾	31⅛
A.S.A.	23	24
Asamera Oil	15⅞	14
Asarco	17⅜	17⅛
Ashland Oil	29¼	29¾
Atl. Richfield	96	95¼
AVC	11	13⅛
Avco	12⅝	11⅝
Avis	9⅝	9⅝
Avon Products	44⅞	45¼
Balt. Gas Elect.	23⅞	24
Bank America	34	34½
Bankers Tr. N.Y.	33⅝	34¼
Barber Oil	26⅜	26⅜
Beatrice Foods	24⅛	24⅜
Becton Dickins'n	39¾	40
Bell & Howell	19⅛	19¾
Bendix	44½	45
Benguet Cons. 'B'	1⅞	1⅞
Bethlehem Steel	42⅝	41⅞
Black & Decker	24⅝	24½
Boeing	35	34¾
Boise Cascade	27¾	27½
Borden	28	28⅛
Borg Warner	29½	29⅝
Braniff Int.	11½	11⅛
Brascan 'A'	11¾	11⅝
Bristol Myers	78⅜	79⅝
Brit. Pet. ADR	12⅛	12¼
Brockway Glass	33	32
Brunswick	16⅜	15⅝
Bucyrus Erie	27⅜	27¼
Budd	15⅝	15⅞
Bulova Watch	6⅞	6¾
Burlington Nthn	42¼	42⅜
Burroughs	102½	102¼
Cal. Computer	4¾	4⅞
Campbell Soup	30¾	31⅛
Canadian Pacific	18⅜	18¼
Canal Randolph	11⅛	11¼
Carnation	69	68
Carrier & General	14½	14½
Carter Hawley	20	20
Caterpillar Tractr	90	90⅛
CBS	53⅝	52½
Celanese Corpn.	52⅜	52⅜
Central & S.W.	14⅞	15
Certain Teed	20⅜	21⅛
Cessna Aircraft	27¾	27⅝
Chase Manhattan	28¼	28⅜
Chemical Bk NY	36	37
Chesebrgh Pond	56	56⅝
Chessie System	38⅝	38⅜
Chicago Bridge	68½	69
Chrysler	19⅛	19⅛
Cinerama	2	2
Cinc. Milacron	30⅝	30
Citicorp	34½	34⅝
Cities Service	46⅜	46¼
City Investing	9⅞	10
Coca Cola	82¾	84⅛
Colgate Palm	25½	25⅝
Collins Aikman	12⅞	13
Columbia Gas	24	23½
Columbia Pict.	6¾	6⅞
Com. Ins. Co. of Am.	9¾	9⅜
Combustion Eng.	41⅞	41¾
Comw'th Edison	28	28⅜
Comw'th Oil Ref	9⅛	9½
Comm. Satellite	27¾	28
Con. Edison N.Y.	16¾	16¾
Consol Foods	22¾	21⅞
Consol Nat. Gas	26⅝	26¾
Consumers Power	20⅛	20¼
Continental Can.	30⅝	30¾
Continental Oil	70¾	71
Continental Tele.	14	14½
Control Data	23⅛	23⅝
Cooper Indus.	32	32¼
Copper Range	22⅛	22½
Corning Glass	75¾	76
CPC Int'nation'l	48⅜	48⅜
Crane	66	66¼
Crocker Nat.	23¾	23¾
Crown Zellerbach	44⅛	44¼
Cummins Engine	37¾	38
Curtiss-Wright	14	13⅛
Dana	22⅞	22½
Dart Industries	35¾	35
Deere	67⅛	67⅜
Del Monte	25⅜	25⅛
Deltona	4⅜	4⅜
Detroit Edison	14	14
Diamond Shamrk	69⅜	[illegible]
Dictaphone	8¾	8¾
Digital Equip.	169⅛	169½
Disney (Walt)	55	56⅛
Dover Corpn.	65½	64
Dow Chemical	110	110⅞
Dresser	78⅛	79¼
Du Pont	155⅛	154½
Dymo Industries	9¼	9¼
Eagle Picher	35¾	35⅜
East Air Lines	8⅛	8⅛
Eastman Kodak	103⅞	104¼
Eaton	38⅛	39
E.G. & G.	14⅞	14¼
El Paso Nat. Gas	14¼	14⅛
Eltra	29⅛	28¾
Emery Air Fr'ght	44½	44¾
Emhart	27⅛	27¾
E.M.I.	4⅜	4⅜
Engelhard Min.	33	32
Esmark	33¾	33⅞
Ethyl	44⅜	43⅜
Exxon	98⅛	97½
Fairchild Camera	44	43⅝
Fed. Dept. Stores	52¾	53
Firestone Tire	22⅛	22⅜
Fst. Nat. Boston	28⅞	28⅞
Flexi-Van	9⅝	9¾
Fintkote	19⅛	19⅜
Florida Power	27¾	[illegible]
Fluor	36⅜	34½
F.M.C.	24⅜	24½
Ford Motor	58⅜	59
Foremost-Mck	17	17
Foxboro	40⅜	41⅜
Franklin Mint	33¼	33¼
Freeport Minerals	38	38⅜
Fruehauf	26¼	26⅜
Fuqua Industries	8	8
G.A.F.	14⅞	14⅞
Gannett	36¼	36⅛
Gen. Amer. Inv.	10⅛	10⅛
G.A.T.X.	27⅝	28¼
Gen. Cable	10½	10½
Gen. Dynamics	60¾	60⅞
Gen. Electric	51⅞	52⅜
General Foods	29½	29¼
General Mills	27⅞	28⅛
General Motors	70¼	70⅛
Gen. Pub. Util.	17⅝	17⅛
Gen. Signal	43¼	43
Gen. Tel. Elect.	25⅜	25⅜
Gen. Tire	20⅛	20⅜
Genesco	7½	7¼
Georgia Pacific	54⅞	54⅜
Getty Oil	165⅛	166¼
Gillette	30	30⅛
Global Marine	8¼	8⅛
Goodrich B. F.	27⅜	27⅜
Goodyear Tire	21¼	21⅜
Gould	29¾	29½
Grace W. R.	27	27⅛
Grand Union	14⅜	14⅜
Gt. Atlan Pac Tea	13½	13¾
Grt. North Iron	15⅜	15½
Greyhound	16⅜	16⅜
Grolier	2¼	2½
Grumman	18⅜	18⅜
Gulf & Western	23⅞	23⅞
Gulf Oil	25⅞	25¾
Halliburton	53⅝	53¼
Hanna Mining	53¼	54½
Harnischfeger	36⅞	37
Harris Corpn.	44¾	[illegible]
Heinz H. J.	46⅛	46⅞
Heller (W.E.)	23	22⅞
Heublein	53¼	52¼
Hewlett-Packard	111	109⅜
Holiday Inns	14	14
Homestake	37½	38⅜
Honeywell	46⅝	46¾
Hoover	12⅜	12⅛
Household Fin.	17½	17½
Hutton E. F.	18¾	19⅛
IC Industries	19¾	20
ICN Pharmac.	4⅜	3¾
INA	[illegible]	37
Ingersoll Rand	87⅛	88⅛
Inland Steel	57⅜	57
Insilco	10⅞	11⅛
IBM	256.87	256.5
Intl. Flavors	24¾	25½
Intl. Harvester	27⅛	27¼
Intl. Min & Chem	34⅞	34¼
Inco	36⅜	35⅞
Intl. Paper	76¼	76½
Intl. Tel & Tel.	27¾	27⅝
Invest	2⅜	2⅜
Iowa Beef	30¼	29⅝
IPG	23⅜	23¾
IU International	11⅞	10⅞
Jim Walter	42⅛	42⅛
Johns Manville	29⅞	30⅛
Johnson Johnson	87⅛	88⅛
Johnson Control	20⅝	20⅞
Joy Manufactur'g	45⅛	44⅛
Kaiser Alumin'm	32½	32¾
Kaiser Industries	13½	13¾
Kaiser Steel	42	42¼
Kay	4¼	4¼
Kennecott	34⅜	35¼
Kerr McGee	70	[illegible]
Kidde Walter	27⅛	27¼
Kimberly-Clark	42¼	42
Koppers	33¾	33¾
Kraftco	45½	44¼
Kresge	36¼	36¼
Kroger Co.	19⅜	19⅝
Libbey Ow. Ford	33⅛	33⅛
Liggett Group	33¼	32⅝
Lilly (Eli)	51¾	52
Litton Indust.	17⅛	16¾
Lockheed Aircraft	10¾	10¾
Lone Star Inds.	17⅛	17¼
Long Island Ltg.	17½	17⅛
Louisiana Land	25⅞	26⅛
Lubrizol	36⅛	37¼
Lucky Stores	14⅛	14⅛
Ukes Youngst'wn	23	23⅛
Mac Millan	8⅛	8⅜
Macy R. H.	31⅜	31¾
Mfrs Hanover	37½	38
Mapco	38	38⅜
Marathon Oil	57⅛	57¼
Marcor	46⅛	46⅜
Marine Midland	10¼	10⅝
Marshall Field	21	21
May Dept. Stores	49¾	50½
MCA	66⅛	67⅜
McDermott	46¾	47⅛
McDonnell Doug.	23⅝	23¼
McGraw Hill	13⅛	13⅜
Merck	75¼	74¾
Merrill Lynch	27	26⅞
MGM	14⅛	14⅜
Minn. Mining & Mfg	59	59½
Mobil Oil	58⅞	[illegible]
Monsanto	99¼	99⅝
Morgan J. P.	59⅛	60
Motorola	55	54⅛
Murphy Oil	20¼	21
Nabisco	42	42¼
Nalco Chemical	36¾	36
National Can	12¼	12
Nat. Distillers	24⅛	25⅛
Nat. Service Ind.	12½	12⅝
National Steel	48⅜	48⅞
Natomas	24⅜	24½
NCR	29⅜	[illegible]
Neptune Intl.	17¼	17½
New England El.	20⅜	20¾
New England Tel	28⅝	28⅝
Niagara Mohawk	13¾	13¾
Niagara Share	12½	12⅝
N.L. Industries	18⅜	18½
Norfolk & Western	80	78⅜
North Nat. Gas	49⅛	50⅛
Nthn States Pwr.	25⅛	25⅝
Nthwest Airlines	30	30½
Nthwest Bancorp	51⅛	51½
Norton Simon	19¼	19½
Occidental Petrol	15⅞	16¼
Ogilvy Mather	27¼	27¼
Ohio Edison	17⅞	18¼
Olin	38⅜	38¼
Otis Elevator	46½	46¼
Overseas Ship	16	15⅞
Owens-Corning	59	59
Owens Illinois	61¾	62
Pacific Gas	20½	20½
Pac. Lighting	17⅛	17⅛
Pac. Pwr. & Lt.	21¼	21⅛
Pan Am World Air	5½	5⅝
Parker Hannifin	29⅜	[illegible]
Peabody Galion	16½	16⅜
Penn Central	1⅝	1⅝
Penn Pw & Lt.	20⅜	20⅝
Penney J.C.	54⅛	54⅛
Pennzoil	30½	30¼
Peoples Drug	8⅛	8⅛
Peoples Gas	37¼	37⅛
Pepsico	75⅛	75⅜
Perkin Elmer	20	20¼
Pet	24¾	25
Pfizer	29	29¼
Phelps Dodge	44⅜	44⅜
Philadelphia Elec	16⅝	16⅝
Philip Morris	56⅜	56½
Phillips Petrol'm	55½	56¼
Pickwick Inter.	18½	18¾
Pillsbury	36⅞	36¾
Pitney Bowes	15	15½
Pittston	45½	43⅝
Plessey Ltd ADR	14¼	14¼
Polaroid	38⅜	38¼
Potomac Elec.	18⅛	18
PPG Industries	34	33⅝
Procter Gamble	89	91
Pub. Serv. Elec.	18⅜	18⅜
Pullman	34	34
Purex	10¾	15⅝
Quaker Oats	28¼	25⅜
Rapid American	5⅛	5⅛
Raytheon	54⅜	54
RCA	27½	27⅜
Reading	1½	1½
Republic Steel	36¾	37
Revlon	76⅛	76
Reynolds Metals	38½	38½
Reynolds R. J.	60	60¾
Rich'son Merrell	24¾	24⅜
Rockwell Inter.	32½	32⅞
Rohm & Haas	71¾	72¼
Royal Dutch	48⅛	48⅛
Russ Togs	11⅞	11⅞
Safeway Stores	39¾	39⅛
St. Joe Minerals	46½	46¾
St. Regis Paper	45	44½
Santa Fe Inds.	36⅜	37½
Saul Invest	5⅞	5⅝
Saxon Inds.	6	6¼
Schlitz Brewing	19⅛	19¼
Schlumberger	79⅜	79⅛
SCM	16⅛	16⅜
Scott Paper	21¾	22
Scovill Mfg.	16⅛	16⅞
Scudd'r Duo Vest	6½	6⅜
Sea Containers	19⅜	19⅜
Seagram	26⅞	26⅞
Searle (G.D.)	14⅞	15⅛
Sears Roebuck	69¼	69⅜
SEDCO	30	30½
Shell Oil	62¾	60¼
Shell Transport	31½	32
Signal	21⅞	21
Signode Corp.	39⅛	39⅜
Simplicity Pat.	16¼	16
Singer	20⅞	21¼
Solitron	3¾	4
Southdown	10⅝	10¼
Southern Cal. Ed	19⅛	19⅜
Southern Co.	15	14⅞
Sthn. Nat. Res.	55⅞	56
Southern Pacific	35⅞	36⅜
Southern Railway	60½	61
Southland	23¾	23⅜
Sperry Hutch.	14¾	15
Sperry Rand	49¼	48
Squibb	32½	32⅝
Standard Brands	37	37½
Std. Oil California	30⅜	30⅜
Std. Oil Indiana	47⅝	48⅛
Std. Oil Ohio	71½	71½
Stauff Chemical	101⅛	102⅝
Sterling Drug	17½	17⅝
Studebaker	47⅛	45¾
Sun Oil	32⅝	33
Sundstrand	33⅝	33¾
Syntex	28⅝	28⅜
Tandy	39½	40⅜
Technicolor	5½	6⅛
Tektronix	[illegible]	60
Teledyne	60⅛	59⅛
Telex	3⅜	3⅜
Tenneco	28	28
Tesoro Petroleum	15¾	15⅝
Texaco	27¼	27⅜
Texasgulf	30½	36
Texas Instm.	123⅛	122⅜
Texas Oil & Gas	18	18
Texas Utilities	18⅝	18⅝
Time	66⅛	65
Times Mirror	20⅝	20¼
Timken	49	48⅝
Trane	28⅜	28¼
Transamerica	11½	11¼
Trans Union	31¾	31¾
Tranway Int'n'l	24⅝	24⅝
Trans World Air	11⅝	12
Travelers	31	30½
Tri Continental	20¼	20⅜
TRW	35⅛	35⅛
20th Century Fox	12⅛	12¼
UAL	25⅝	25⅞
UARCO	22⅜	22¾
UGI	15⅞	15⅜
UOP	13½	11¾
Unilever Ltd.	54¾	55
Unilever NV	46⅞	47
Union Bancorp	9⅛	9⅛
Union Carbide	72⅜	72½
Union Commerce	7⅜	7¾
Union Oil Cal.	47¼	47
Union Pacific	88¾	89¼
Unionamerica	2⅛	[illegible]
Uniroyal	9	9
United Brands	9	9¼
United Corp.	8⅛	8⅞
US Bancorp	25⅞	25⅞
US Gypsum	33⅝	33⅜
US Industries	6⅛	6⅜
US Shoe	35⅞	36⅛
US Steel	84⅝	84¾
U. Technologies	68⅛	67⅞
Utah Int'l	56⅜	56½
UV Industries	28⅝	28¾
Virginia Elect.	13⅝	13⅝
Walgreen	16¼	16⅜
Warner-Commun.	30⅞	31¾
Warner-Lambert	33⅜	34¼
Wells-Fargo	22⅛	22⅛
Western Bancorp	22	22⅜
Western N. Amer.	12⅛	12½
Western Union	18	17⅞
Westingh's Elec.	15⅜	16⅜
Westvaco	45⅛	42⅞
Weyerhaeuser	47⅞	48⅛
Whirlpool	28¾	29
White Cons. Ind.	22	22⅞
Williams Co.	23⅛	23¾
Wisconsin Elect.	20⅝	20⅛
Woolworth	23⅜	23¼
Wyly	4	4
Xerox	51¼	52¼
Zapata	14¼	14
Zenith Radio	34	34¼
Chile 6% 1993	†90	†90
U.S. Treas. 4% 1980	†90	†90½
U.S. Treas. 4¾% 78/83	†81⅞	†82⅛
U.S. 90 days bills	5.10%	5.06%

CANADA

Stock	May 12	May 11
Abbey Glen Pty.	6.50	†6.10
Abitibi Paper	12¼	12⅛
Agnico Eagle	4.25	4.35
Alcan Aluminium	29½	29¼
Algoma Steel	27⅝	27¼
Asbestos	29	29
Bank Montreal	15⅜	15⅜
Bank Nova Scotia	40¾	40
Basic Resources	10	10
Bell Telephone	47¼	47
Bovis	0.87	0.9
Bow Valley Inds.	27½	26⅞
BP Canada	9¾	9⅛
Brascan	11⅛	11⅛
Brinco	4.10	†3.90
Calgary Power	30	30
Canada Cement	10⅜	10¾
Canada N.W. Land	8⅜	8⅜
Can. Imp. Bk. Com.	27⅛	27⅛
Canada Indus.	23	22¾
Can. Pacific	18	17⅞
Can. Pacific Inv.	21⅛	20¾
Can. Super Oil	46⅛	46⅜
Carling O'Keefe	3.55	3.60
Cassiar Asbestos	6⅛	6⅞
Chieftain Dev.	11⅞	10⅜
Cominco	29	29¼
Cons. Bathurst	37⅛	37¾
Con. Textile M.	2.40	†2.35
Consumer Gas	12⅞	12¼
Costain Rich.	9⅞	9⅞
Daon Resources	5.50	5.87
Denison Mines	61	58
Dome Mines	41½	41¼
Dome Petroleum	41¼	39¾
Dominion Bridge	36	36¾
Domtar	25¼	25
Dupont	17¾	†17⅛
Falcon'ge Nickel	40½	39½
Ford Motor Can.	90	90¼
Giant Yell'wknife	7⅛	6⅝
Gulf Oil Canada	32⅞	33
Hawker Sid. Can.	6⅛	6⅛
Hollinger	†36	36
Home Oil 'A'	35½	33⅝
Hudson Bay Mng	20⅞	21
Hudson Bay	20⅛	20⅛
Hudson Oil & Gas	39¼	39
I.A.C.	18½	18½
Imasco	25⅞	25¾
Imperial Oil	24⅜	23⅞
Indal	14¾	14¾
Inland Nat. Gas	9⅜	9⅜
Inco	35½	35⅛
Int'pr'v Pipe Line	14⅞	15¼
Laurnt'd'n Fin Corp	6⅜	6⅜
Loblaw Com. 'B'	4.50	4.70
McMill'n Bloed.	20¾	20⅜
Massey Ferguson	27⅝	27⅞
McIntyre Porcupine	40	40
Moore Corpn.	46⅛	47¼
Noranda Mines	37¾	37⅞
Norcen Energy	13⅜	13⅜
Nthn. Hmestke Mi	0.50	0.50
Nthn. Telecom	39½	40⅛
Numac Oil & Gas	11⅛	11⅜
Oakwood Petr'm	1.65	1.70
Pacific Copper M.	1.17	1.16
Pacific Petroleum	31⅜	31¼
Page Petroleum	1.90	1.85
Pan Can Pet'l'm	24⅝	24⅝
Patino	14¼	14¼
Peoples Dept. S.	3.05	3.05
Place Gas & Oil	0.37	0.37
Placer Development	23⅛	24
Power Corporat'n	9¼	9
Price	15	15½
Quebec Sturgeon	1.15	1.15
Ranger Oil	17	17
Reed Shaw	6⅞	6⅞
Rio Algom	33¼	33¼
Royal Bk. of Can	29	29
Royal Trust	23¼	23⅜
Seagram	26⅝	26⅜
Shell Canada	16¼	16⅜
Sherritt G. Mines	6¾	6¾
Siebens O. G.	14⅜	14⅜
Simpson	6⅛	6⅛
Steel of Canada	30⅝	30¼
Steep Rock Iron	2.07	2.05
Sunningdale Oils	15¼	15⅛
Talcorp	7⅛	7⅛
Texaco Canada	26⅞	26⅛
Toronto Dom. Bk.	18½	18½
TransCan PipeLn	12⅝	12¼
Trans Mount Oil	11⅝	11⅝
Trizec	15⅛	†15⅛
Union Gas	7⅜	7⅜
United Corpn 'B'	†12½	12½
Walker Hiram	31½	31
West Coast Trans	24½	24¼
Western Geo.	17	16¾

‡ Asked. * Unquoted. † Bid. § Traded. n New stock.

GERMANY ♦

May 13	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	92.2	−0.6	—	—
Allianz Versich.	385	−4	17	2.2
B.M.W.	238	−1.5	14	2.9
BASF	158.3	−0.9	14	4.9
Bayer	138.5	−0.2	17	5.8
Bayer Hypo.	280	−1	[illegible]	3.6
Bayer Vereinsbk.	279	−2	20	3.6
Commerzbank	186.3xd	−2.2	18	4.9
Conti. Gummi	93	−2	—	—
Daimler	339.5	......	15	2.3
Degussa	243xd	−1	15	3.7
Demag	173	−5	—	—
Deutsche Bank	292.5xd	−4.3	20	4.4
Dresdner Bank	212.5	−4	20	4.7
Dyckerhoff Zem't	157	−3	10	3.2
Gutehoffnung	162	......	14	3.8
Hapag Lloyd	126.5	......	14	4.8
Harpener Dm125	161	......	8	5.0
Hoechst	156	−1	14	4.5
Hoesch	59.5	−0.3	10	8.3
Kali Salz (Dm50)	110	−1	5	—
Karstadt	397	−2	20	2.5
Kaufhof	247	−1	20	4.0
Klockner (Dm100)	121	−1.2	—	—
Kloeck Humboldt	162.5	−1.5	6	2.0
Krupp Pf. Dm100	130.2	......	—	—
[illegible] Bk	271	−1	18	3.3
Linde	195.4	−2.1	16	4.0
Lowenbrau Dm100	1,750	......	20	1.3
Lufthansa	95.1	......	4	2.1
M.A.N.	164.5	......	12	3.6
Mannesmann Dm100	358	−5	14	3.9
Metallgesellsch.	253xd	......	10	4.1
Munch. Ruckvers	490	......	18	2.2
Neckermann	94.0	......	—	—
Preussag Dm100	155	−1	7	4.5
Rhein West Elect.	161	−1.5	17	5.3
Schering	329	−2	20	3.0
Siemens	279	−2.5	16	2.8
Sudzucker	250	−1	19	3.8
Thyssen	120xd	−1.5	14	5.8
Verein & West Bk	318	......	20	2.8

PARIS

May 13	Price Frs.	+ or −	Div. Frs.	Yld. %
Air Liquide	366	+1	16.5	4.5
Aquitaine	335	−5	22.5	6.6
Beghin	50.1	−0.1	11.25	11.5
B.S.N. Gervais	596	−12	37.5	6.3
Carrefour	1,963xd	−8	57	2.9
Chargeurs Reunis	162.5	+1.5	16	8.3
Citroen	55	−0.8	—	—
Cie Bancaire	300	−2	12	4.0
C.G.E.	312	−5	25.9	7.7
Credit Com. Fr'nce	105.2xd	+1.1	10.5	9.9
Credit Foncier	335	+1	27	8.1
Denai N.E.	143.5	−1	18.75	13.2
Fr. Petroles	122.1	−2.1	14.1	11.5
Gal. Lafayette	76	−0.8	4.5	5.9
Gen. Occidentale	177.5	−1	7.5	3.4
Imetal	113	+2.5	4.95	4.0
Lafarge	201	−1.6	15.75	7.8
L'Oreal	949	−1	15.5	1.4
Machines Bull	37.2	−0.3	1.5	4.0
Michelin 'B'	1,267	−23	30.0	2.2
Moet Hennessy	507	−1	13.2	2.1
Paribas	178.5	+1	18.75	6.5
Pechiney	107.9	+0.9	14.1	—
Peugeot (Frs.50)	285xd	−3.5	15	4.8
Pricel	155.5	−2.4	12	7.7
Printemps	59.5	−0.5	4	5.0
Redoute	648	+6	16	2.3
Rhone Poulenc	95.1	−1.6	9	—
Sacilor S.A.	[illegible]	−0.7	—	—
Source Perrier	113	−1	6	5.4
Suez	262	−2	25	[illegible]
Thomson Brandt	214	−2	14.25	5.9
Usinor	70	−2.1	—	—

AMSTERDAM

May 13	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl.20)	113xd	−0.2	18	6.2
Akzo (Fl.20)	41.6	−0.7	—	—
Algem Bank (Fl.100)	316xd	......	21	7.0
AMEV (Fl.10)	60.2	−1.5	38	6.3
Amro Bank (Fl.20)	71.1	−0.3	21	5.6
Van Berkel's (Fl.50)	105.2	−0.9	15	7.0
Bijenkorf (Fl.20)	79.1xd	+0.5	21	5.3
Boka Westm. (Fl.10)	108.9	+1.2	55	5.1
Buhrmann Tetterode	73.5	......	25	6.3
Elsevier (Fl.20)	316xd	−2	24	7.6
Ennia N.V. Bearer	121.5	−2.5	27½	8.3
EuroCom Tst (Fl.10)	69.5	−0.5	30.4	4.4
Gist Brocades (Fl.12)	51	−1.7	23	3.8
Heineken (Fl.25)	143	−1	14	2.5
Holland Fund	134.2	−0.3	6.96	5.2
Hoogovens (Fl.20)	54.5	......	26	9.6
Hunter Douglas (Fl.6)	22.8	+0.5	11	4.8
I.H.C. Holland	25.2	......	5	2.0
K.L.M. (Fl.100)	106.8	−1.4	—	—
Int. Muller (Fl.20)	38.5	......	10	5.3
Naarden (Fl.10)	46.8	......	—	—
Nat. Ned. Ins'rnce	97.3	−0.5	35.5	3.6
Ned Cred Bk (Fl.20)	46.1xd	+0.1	16	7.0
Ned Mid Bk (Fl.50)	142.3	+0.3	15	5.3
[illegible]	70.1xd	......	10.5	7.5
[illegible]	45	......		
[illegible]	188.5xd	−0.9	28	2.9
Van Ommeren	238	+1	20	8.3
Pakhoed (Fl.20)	128xd	+0.2	20	2.9
Philips (Fl.10)	31.2xd	−0.4	14	4.5
Rijnsch Ver. (Fl.100)	125.5xd	−2	18	14.0
Robeco (Fl.50)	195.3xd	−0.4	25.2	6.5
Rolinco (Fl.50)	147.5	−0.1	8	1.7
Rorento (Fl.50)	124.9	+0.6	10	4.0
Royal Dutch (Fl.50)	128.9	−1.8	45	6.9
Slavenburg's Bnk	252xd	−1	17	7.3
Tokyo Pac Hldgs $1	Fl.99.4	+0.3	30.2	1.4
Unilever (Fl.20)	[illegible]		38	6.0
VMF	162.5xd	−1.5	14	8.6
Viking Res. Int. $1	49.6	......	56.16	[illegible]

MILAN

May 13	Price Lire	+ or −	Div. Lire	Yld. %
Assitalia Priv.	710	−90	—	—
ANIC	575	−14	60	—
[illegible] Fin.	5,025	−5	120	3.4
Bastogi	866	−19	70	8.0
Breda	1,021	−19	165	8.2
Burgo	9,080	−70	200	2.2
Centrale	5,120	−160	200	3.9
C.I.G.A.	2,470	−102	—	—
[illegible]	[illegible]	−5	200	4.5
Dalmine	660	−7	40	6.8
Erba	2,110	−50	—	—
Fiat	1,378	−48	100	7.2
Do. Priv.	892	−21	100	11.2
Finsider	224	−2	40	17.6
Generali	43,650	−1,550	500	11.6
Invest B.	1,810	−52	80	4.5
Italcementi	12,250	−280	250	2.0
Italgas	445	......	—	—
Italsider	311	−0.75	30	7.9
La Centrale	6,800	−290	350	5.7
Marelli Ercole	575.5	−5	—	—
Mediobanca	[illegible]	−500	[illegible]	1.6
Montedison Priv.	1,051	+11	120	11.5
Montedison	404	−11	33	8.1
Motta	810	−30	—	—
Olivetti Priv.	860	−20	70	8.1
Pirelli & C.	1,325	−15	110	8.5
Pirelli Spa	800	−22	60	15.7
RAS	71,700	−1,280	600	0.8
Rinascente	54	−2	—	—
Rumianca	1,960	−30	—	—
S.A.F.F.A.	4,920	+19	200	4.1
S.T.E.T.	2,380	−49	160	2.1
Snia Viscosa	1,301	−10	72	5.5
Soc. Gen. Immob.	162.5	−4.5	—	

BRUSSELS/LUXEMBOURG

May 13	Price Frs.	+ or −	Div. Frs. Net	Yld.
Arbed	4,050xd	−50	150	3.7
BBL Bq Brx Lambert	1,960	+55	—	—
Bekaert 'B'	4,005	−5	105	8.2
CBL (Cie Br Lambert)	2,175	+5	110	5.0
C.B.R. Cement	1,585	+25	76	8.8
Cockerill	365	−5	—	—
E.B.E.S.	2,015xd	−15	161	8.0
Electrobel	5,640	+10	400	6.8
Fabrique Nat.	1,935	......	—	—
G.B. Inno-Bm.	1,750	......	150	7.5
Glace St. Roch	3,900	−25	180	4.6
Hoboken	4,055	+65	210	2.5
Intercom	2,070	......	129	7.7
Kredietbank	5,530	+80	240	3.7
La Royale Belge	5,010	−20	285	3.8
Pan-Holding	2,960	......	[illegible]	2.5
Petrofina	5,410	+60	170	3.1
Photo Gevaert	1,186xd	−18	75	6.2
Pieux Franki	5,550	+50	275	4.9
Soc. Generale	2,605	−15	175	7.0
Soc. Gen. Banque	2,590	+15	175	6.8
Sofina	5,090	−50	190	3.5
Solvay 'A'	2,525	+50	180	5.8
Traction Elec.	2,780	−40	160	5.8
U.C.B.	1,620	−10	170	7.0
Un. Min. (1/10th)	1,145	......	70	7.6
Vieille Montagne	1,050	......	150	3.7
Wagon Lits	710	......	40	4.9

SWITZERLAND ♠

May 13	Price Fr.	+ or −	Div. %	Yld. %
Aluminium	1,215xd	+15	[illegible]	2.5
Bally Hld.	1,540	−20	—	—
BBC 'A'	1,640	−10	10	3.0
Ciba-Geigy	1,525	+15	22	1.5
Do. Do. Part.	1,105	......	22	1.6
Do. Do. Reg.	665	−5	22	3.3
Credit Suisse	2,630	−5	16	3.1
Fischer (George)	630	−5	—	—
G'nd. Mag. Jel. Fr	1,140xd	−40	19	1.7
Hoffman La Roche	97,000	−1,000	1,100	1.1
Interfood B.	2,575	+25	20	3.9
Landis Gyr B F100	670xd	......	6	1.0
Nestle	3,480	−20	76.5	2.2
Do. Reg.	1,815	−15	76.5	4.2
Sandoz (F250)	5,225	−100	26	1.2
Saurer Arbon	890	−10	11	6.2
Soc. Inte. Pirelli	158	......	14	6.8
Swissair (F350)	547xd	−4	5.7	3.6
Swiss Bank Corp.	422xd	......	10	1.9
Un. Bank of Switz.	3,175	−5	20	3.1
Winterthur	1,820	−20	5.39	1.6
Zurich Ins.	9,750xd	−50	40	2.0

COPENHAGEN

May 13	Price Kroner	+ or −	Div. %	Yld. %
Burmeister & W.	84	+5	—	—
Dan Bank	142xr	+½	12	8.4
Dan Provinsbank	151	......	10	4.2
East Asiatic Co.	310xd	......	12	4.0
Finansbanken	141xd	......	13	8.1
For. Bryggerier	400	......	12	3.1
Handelsbank Grp	145½xd	......	11	7.3
Papirfabrik For.	94xd	−1½	10	10.4
G. Northern Hld.	267	−13	12	3.9
Nord Kabel	289½xd	−¼	12	4.1
Oliefabrik	164	−1½	12	7.7
Privatbank	157	......	11	6.5
Soph. Berendsen	373	−1	11	3.1
Superfos	246½	+¼	12	4.7

VIENNA

May 13	Price %	+ or −	Div. %	Yld. %
Creditanstalt	397xd	......	10	2.4
Perlmooser	342	......	13	3.5
Selecta	740	+1	48	[illegible]
Semperit	187	......	—	
Steyr Daimler	144	−2	6	4.1
Veit Magnesit	417	......	22	5.3

AUSTRALIA

May 13	Aust. $	+ or −
Acrow Australia	†0.70	......
Adelaide Brighton Cem. 50c	†1.12	−0.01
Allied Mnig-Tntg Indus. $1	†1.85	......
Ampol Exploration	†0.90	+0.05
Ampol Petroleum	†0.67	......
Assoc. Minerals	†5.15	......
Assoc. Pulp Paper $1	†0.90	......
Aust. Con. Industries	†1.36	......
Aust. Foundation Invest.	†0.88	+0.01
A.N.I.	†1.05	......
Aust. Oil & Gas	†0.11	......
Blue Metal Ind.	†1.02	......
Bougainville Copper	†1.47	+0.01
Broken Hill Proprietary	†7.38	+0.04
BH. South	†1.86	......
Carlton United Brewery	†2.15	......
C. J. Coles	†1.42	−0.01
CSR ($1)	†4.60	+0.15
Cons. Goldfields Aust.	†2.35	......
Container ($1)	†1.65	−0.01
Conzinc Riotinto	†3.25	......
Costain Australia (50c)	†1.75	......
Dunlop Rubber ($1)	†1.04	+0.01
ESCOR	†0.82	......
Elder Smith ($1)	†2.20	+0.02
E.Z. Industries	†4.0	+0.02
F. & T. (50c)	†0.62	−0.01
Gen. Property Trust	†1.14	......
Gollin	†0.12	......
Hamersley	†2.05	......
Hooker	†1.19	......
I.C.I. Australia	†1.72	......
I.A.C. Holdings	†1.00	......
Inter-Copper	†0.35	......
Jennings Industries	†1.62	+0.07
Jones (David)	†1.08	+0.02
Metals Exploration	†0.60	+0.02
MIM Holdings	†2.68	−0.07
Myer Emporium	†2.18	−0.01
News	†2.0	+0.05
Nicholas International	†0.53	......
North Broken Hill	†1.72	+0.05
Oakbridge	†0.74	+0.02
Oil Search	†0.13	......
Pioneer Concrete	†1.16	......
Reckitt & Colman	†3.40	......
H. C. Sleigh	†0.48	−0.01
Southland Mining	†0.36	......
Stocks & Holdings	†3.50	......
Tooth ($1)	†1.70	−0.04
Waltons	†1.07	−0.01
Western Mining (50 cents)	†1.69	−0.01
Woolworths	†1.25	......

TOKYO ¶

May 13	*Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	[illegible]	+5	14	2.1
Canon	430	+3	—	—
Dai Nippon Print	497	+1	18	1.8
Fuji Photo Film	522	......	15	1.4
Hitachi	201	+5	10	2.5
Honda Motors	738	+3	18	1.2
C. Itoh	300	......	12	2.0
Ito-Yokado	1,600	......	30	0.8
Japan Airlines	1,730	+10	—	—
Kansai Elect. Pw.	[illegible]	+2	9	[illegible]
Komatsu	418	−1	18	2.1
Kubota	[illegible]	......	15	2.3
Matsushita Ind.	680	+5	20	1.5
Mitsubishi Bank	340	......	10	1.5
Mitsubishi Heavy	163	−1	12	3.9
Mitsubishi Corp.	438	1	13	1.5
Mitsui & Co.	427	+2	14	1.6
Mitsukoshi	441	−2	20	2.3
Nissan Motor	516	+5	16	1.6
Pioneer Electronic	2,190	......	20	0.5
Sanyo Electric	230	+3	12	2.6
Shiseido	1,160	+20	25	1.1
Sony	2,950	+130	30	0.5
Taisho Marine	290	+8	11	1.9
Takeda Chemical	[illegible]	−1	15	3.2
Teijin	159	......	12	3.8
Tokio Marine	597	+20	11	0.9
Tokyo Elect. Pwr.	898	+3	10	7.2
Toshiba	143	+4	10	3.5
Toray	151	+1	12	4.0
Toyota Motor	756	+14	15	1.1

Source Nikko Securities, Tokyo.

STOCKHOLM

May 13	Price Kronor	+ or −	Div. Kr.	Yld. %
Aga AB (Kr.50)	177xd	−2	5.5	3.1
Alfa Laval B (Kr.50)	156xd	+1	5	3.2
Asea (Kr.50)	145	−1	5¼	3.5
Atlas Copco (Kr.25)	180	+5	5.28	2.9
Billeruds	225	......	6½	2.9
Bofors	268xd	−2	9	3.7
Cardo	359	......	9.5	2.7
Cellulosa	313	......	5.5	3.5
Electrolux 'B'	141	−1	5	3.3
Ericsson B (Kr.50)	212	......	7¼	3.5
Fagersta	242	......	8	3.3
Granges (free)	134	−2	11	8.2
Handelsbanken	234xd	......	16	5.9
Marabou	410xd	......	10	4.9
Mo Och Domsjo	274xd	+2	10	5.7
Sandvik A.B.	328	+3	7	2.4
S.K.F. 'B' Kr.50	147	−2	4.5	3.8
Skand Enskilda	216xd	+2	15	6.5
Tandstik 'B' (Kr.50)	106	+1	5	4.7
Uddeholm	183	......	9	4.4
Volvo (Kr.50)	145xr	......	6	4.1

OSLO ♣

May 13	Price Kroner	+ or −	Div. %	Yld. %
Bergen Bank	103.5	−0.5	9	8.5
Borregaard	117.5xd	......	6	5.1
Creditbank	115xr	+0.5	10	8.8
Kosmos	515	......	20	3.8
Kreditkassen	112.5	+1.5	10	9.1
Norsk Hydro (Kr.80)	257.5	......	12	2.7
Orkla Ind.	92.5	......	4	4.3
Storebrand	146	......	10	7.1

JOHANNESBURG

MINES

May 13	Rand	+ or −
Anglo American Corpn.	4.65	−0.05
Charter Consolidated	†3.45	−0.15
East Driefontein	11.60	−0.10
Elsburg	2.04	−0.01
Harmony	8.00	+0.10
Kinross	4.50	
Kloof	7.80	−0.01
Potgietersrust Platinum	2.60	−0.05
St. Helena	22.00	
South Vaal	9.20	[illegible]
Gold Fields SA	28.80	
Union Corporation	3.30	[illegible]
De Beers Deferred	3.62	[illegible]
Blyvooruitzicht	†7.80	[illegible]
East Rand Pty	4.40	
Free State Geduld	22.25	[illegible]
President Brand	20.00	
Stilfontein	2.95	
Welkom	4.20	[illegible]
West Driefontein	†25.80	[illegible]
Western Holdings	36.00	
Western Deep	†14.30	[illegible]

INDUSTRIALS

	Rand	+ or −
Anglo-Amer. Industrial	5.90	[illegible]
Anglo-Transvaal Industries	1.55	
Barlow Rand	3.12	[illegible]
CNA Investments	†2.12	
Currie Finance	0.83	[illegible]
De Beers Industrial	†7.00	
Edgars Consolidated Inv.	†2.40	[illegible]
Edgars Stores	†20.00	
Federale Volksbeleggings	2.30	
Glen Anil Development	1.05	[illegible]
Greatermans Stores	†4.10	[illegible]
Guardian Assurance (SA)	1.35	
Huletts	2.05	[illegible]
Melodys Holdings	†0.30	[illegible]
Nedbank	2.20	[illegible]
OK Bazaars	8.40	[illegible]
Ovenstone Investments	0.75	
Protea Holdings	1.10	[illegible]
Rand Mines Properties	2.50	[illegible]
Rembrandt Group	2.70	
Sage Holdings	1.30	
SAPPI	1.55	[illegible]
Sorec	0.33	[illegible]
SA Breweries	1.11	[illegible]
Unisec	1.03	

SPAIN ♥

May 13	Per cent.	
Asland	268	−2
Banco Lopez Quesada	625	—
Banco Bilbao	780	—
Banco Atlantico (1,000)	560	—
Banco Central	390	+16
Banesto (250)	579	—
Banco Exterior	348	+15
Banco General	728	—
Banco Granada (1,000)	422	+15
Banco Hispano	552	−1
Banco Iberico	442	+8
Indubam	456	−4
Banco Ind. Cat. (1,000)	445	−5
Banco Mercantil (1,000)	285	—
Banco Occidental	419	+5
Banco Popular	780	—
Banco Santander (250)	590	—
Banco Urquijo (1,000)	455	−3
Banco Vizcaya	670	+19
Banco Zaragozano	330	+5
Bankunion	373	+3
Banus Andalucia	261	—
Altos Hornos	169	+5
Babcock Wilcox	120	—
CIC	348	—
Dragados	487	—
Inmobanif	138	—
E. I. Aragonesas	148	—
Espanola Zinc	238	−5
Expl. Rio Tinto	323	−3
Fecsa (1,000)	123.50	+1.5
Fenosa (1,000)	117.75	—
Finanzauto SA	372	+7
Finanzauto Servicios	367	—
Gal. Preciados	365	−4
Grupo Velazquez (400)	308	—
Hidrola	136	+2.5
Iberduero	168	+5
Motor Iberica	275	−1
Olarra	645	+20
Papeleras Reunidas	322	−8
Petroliber	252	—
Petroleos	517.50	+19.5
Sarrio Papalera	229	+2
Sniace	181	+1
Sogefisa	261	—
Telefonica	179	−1
Torras Hostench	346	+2
Tubacex	396	−1
Union Elec.	128	−0.5
Union y Fenix	524	−1
Urbis	216	+4

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

♦ DM50 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♠ Frs.500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

Traffic jam along the A1: have we got the cost-benefit analysis wrong?

Treasury on the wrong road

By DOUGLAS JAY, MP

THOSE OF us who believe public spending should be kept in check and the public sector borrowing requirement reduced, have a duty to say what programmes should be squeezed. Unlike some enthusiasts for economy, who advocate less spending in general but more in every particular, I accept this obligation. The new "Green" Paper, on *Transport Policy* powerfully reinforces the argument of those of us who believe that public spending on new road construction has increased, is still too large, and ought to be diminished.

The road-building programme, though no doubt desirable like almost anything, is of lower priority than most others, but has increased since the 1950s by more than any other. In the financial year 1963-64 the total of all road spending, local and national, maintenance and new building, in 1963 prices, was £360m. In 1975 prices this would be about £900m. But actual spending in 1975-76 was just over £1.2bn.—a 33 per cent. rise in real terms over 1963. Of this £1.2bn. as much as £750m. was for new road-building and improvement. Yet it is precisely in new road construction that major cuts can most usefully and economically be made—by simply refraining from embarking on extravagant new projects.

High level

The *Transport Policy* document (Vol. 1, page 68) boasts that "By the end of the decade" capital expenditure "on trunk roads and motorways" will be reduced on present plans to about 80 per cent. of the average of the last five years. But even if this cut is achieved "by the end of the decade," it will merely mean a 20 per cent. drop from a very high level; in any case, no material reduction is due even on paper till 1978-79.

What most strikingly emerges from the two official documents taken together—*Transport Policy* and *Public Expenditure* to 1979-80—is that nowhere is any rational justification established for spending as much as £750m. a year on new road-building and improvement (in addition to maintenance) in 1975-76, as compared with other programmes, whether housing, health, defence or the Police. Indeed, one of the strongest single arguments put forward hitherto by the road interests and a string of Transport Ministers—that large-scale road-building is vital to industry and trade—is struck away in one startlingly candid sentence of *Transport Policy*. (Vol. 2, page 125): "Lorries are and will remain a relatively small percentage of total traffic and their contribution to the case for justifying new roads is correspondingly modest."

Modest, indeed. Seldom have I heard the conclusion of common observation and common-sense so unchallengeably endorsed by the language of departmental infallibility.

We shall hear rather less in future, I trust, of the claim that hundreds of millions are being spent on new motorways mainly in order to help lorry traffic move to our ports and industrial towns.

Two major contributions, however, are made in *Transport Policy* to the serious economic evaluation of individual projects: the discussion of (1) cost benefit analysis and (2) road traffic forecasting. The conclusions they may suggest to an impartial but sceptical mind are curious. It is first explained that a project may be evaluated either by "financial appraisal" or by "cost-benefit analysis." By financial appraisal is meant the normal estimation by any business of the return to be expected from capital expenditure after allowing for interest. By cost-benefit analysis is meant a quantitative but much less precise calculation of economic, not financial, costs and benefits. It so happens of course that a railway or bus service, which normally earn revenue, should usually be expected to qualify under financial appraisal. But (apart from toll bridges) an individual road project cannot, and so it merely has to pass the cost-benefit test, if that.

Less stringent

It is often if not usually easier for a project to pass the cost-benefit test than the financial one—though not always, as *Transport Policy* quite rightly points out. But since "external" advantages are much more easily counted in by the cost-benefit method, it is likely that a less stringent test is in fact being applied to road schemes. They cannot be proved to be making a loss. More surprisingly still, for the first thousand miles of motorways in this country, not even the cost-benefit test was used. We are blandly told by *Transport Policy* that "there are some schemes such as those in the original 1,000 mile motorway programme for which economic appraisals are not required."

Even, however, where cost-benefit is applied, the arguments do not suggest a very cogent support for spending hundreds of millions. The "benefits" adduced to justify the cost are very largely of two kinds: saving of accidents (20 per cent.) and saving of time (80 per cent.). The saving in accidents is only real if a new road or motorway reduces accidents overall—not merely accidents per vehicle-mile; and it does not necessarily do so if the building of the motorway actually increases the total traffic volume. Yet nowhere in *Transport Policy* is it convincingly shown that new building does not do this. Indeed, in the one case quoted (the new M.62), it is admitted that the motorway generated a 6-7 per cent. rise of traffic.

The main justification must, therefore, be "time-saving"—and mainly, as already quoted, by traffic other than lorries. Indeed, of the 80 per cent. of total benefits attributed to time-saving, 29 per cent. is in non-working time. So once again the official argument confirms the conclusion of the unaided human eye that we are largely building motorways in order to enable time to be saved by private motorists, some of whom are working and some not.

And here surely is the rub. Widely as car ownership is now spread (among families if not individuals), it is still true that those who own cars are in most cases better off than those who do not. Since £1 spent by the former represents a less urgent need than £1 spent by the latter, the simple application of market economics or even cost-benefit analysis to road-building will heavily overweigh the real benefits in comparison with those from other forms of public spending. Not merely, therefore, has no rational ground yet been established for the present level of road spending in total. But the very nature of the argument implies a basic bias which should make us sceptical of it—and even more so if the indirect cost of the motorway programme in increasing rail losses is counted in.

Forecasts

In addition, forecasts of future road traffic are needed to justify an individual project. Forecasts for traffic in the middle 1990s are now being used. Any economic forecast, heaven knows, so far ahead must be highly speculative. But when one notes that past forecasts (of road and air traffic) have more ofen than not proved too high, and that present petrol prices and a further 50 per cent. rise in real terms are officially expected to make little difference; public scepticism must be reinforced. Indeed the Government admits this in its very sensible decision to launch a new and independent review of present forecasting techniques.

Certainly it is true that all decisions on priorities for public spending must basically rest on a general judgment rather than any economic calculus. Nevertheless, with a £12bn. deficit, the onus of proof should in my view be on the spender. On that principle, the Government would earn well-deserved applause if it suspended the start of more major road-building schemes at least until the impartial review of present forecasting and evaluation methods has been completed.

The Property Market

BY QUENTIN GUIRDHAM

P & O takes 55% value drop on JLW advice

A dramatic example of the way major agents are writing down values in the City of London comes with to day's P & O accounts. While the shipping and property group has been selling off spare buildings round the world at a slight surplus over book values, there is a note in the report about its major central London holdings. These are nothing to do with the Bovis subsidiary and are mainly carried in the balance sheet at valuations carried out by Jones Lang Wooton in 1972 and 1973. Having taken the advice (though without a full valuation exercise) of the same firm, P & O now states that values have fallen by 55 per cent.

The buildings concerned are the P & O building itself, Navigation House, Beaufort House, Commerce & Industry House and Three Quays, all in the City, and the Cockspur Street building off Trafalgar Square.

What the accounts say is that "while the market for well-let properties is improving, there is still no real market for units in excess of £10m., and the application of current rental values and yields would bring out a substantial reduction estimated at 55 per cent. on the figure of £108m. at which these properties are included in the balance sheet.

"In view of their London location, their satisfactory rentals and the improving trend in investment values at the end of 1975 which has continued since the end of the year, the directors have taken the view that there should be no permanent diminution of value." Hence P & O is not going to change the balance sheet.

What Jones Lang Wootton have told the P & O Board, apparently, is that while it is most unlikely that the values reported in 1973 will be reached within the next year or two, "there is a reasonable prospect that a combination of increased rental level and lower yield basis could restore the capital value reached in 1973."

Bowater gets 8 per cent. warehouse yield

On the morning that Bowater shareholders meet, possibly to ask some questions about why the takeover of Ralli International went so wrong, here is a little good news about the exploiting of old Bowater assets by whizzy Ralli management. A warehouse development at Romford, Essex, has been sold to Hambro Life Assurance at a price which, after their costs, can give the purchasers an initial yield of barely 8 per cent. (If only that sort of price could be repeated, perhaps last week's message from Hambro Life's boss, Mark Weinberg, that the institutions would buy up all the major property investment companies, would be seen as positively bullish for property shares.)

This is, however, a pretty special development, partly because of a shortage of good new space around Romford, in a rich retailing area, and because the covenants are good—Debenhams and Littlewoods. It is the first phase of a warehouse estate in Hubert Road. This is a 39,000 square feet building and there are plans for another of the same size and one of 30,000 square feet, with negotiations going on for pre-letting.

The site came with Beautility, the furniture and carpet group which Bowater took over in 1972 (the same year as Ralli Whiteaway). Beautility, whose last independent chairman was Stuart Young, the accountant who as receiver for Whiteaway Laidlaw recently sold Amalgamated House, had seen the development potential and started work on a 70,000-square-foot office block. This was completed after the takeover, let to stockbrokers Phillips and Drew, and a year ago sold to the Nat-West pension fund for over £3m.

The first phase of the warehousing was finished last September, with the building done by Flaxyard Construction at cost (£260,000 in all to Bowater) plus a percentage of the profit. The Debenhams and Littlewoods rents total £50,300 a year. Debenhams are using the space to service their retail stores in Romford, and Littlewoods as a depot for the home delivery service of its mail order business. Now the sale to Hambro Life has gone through at a price of £615,000.

Bowater did not have a property development team before the Ralli merger, and those responsible for this project emanate from what was Fordham Land and Property Group, the company which arrived at Ralli having passed through the tender hands of the two Rowlands, David and Reg (no relation). Apart from being involved in management of the group's worldwide property, their brief is to look for proven development projects, but only on group-owned sites.

This one must rank as a good starting exercise. Anthony Lipton and Company are the agents who have acted with Bowater Property Developments throughout.

An auction for Abbey Glen?

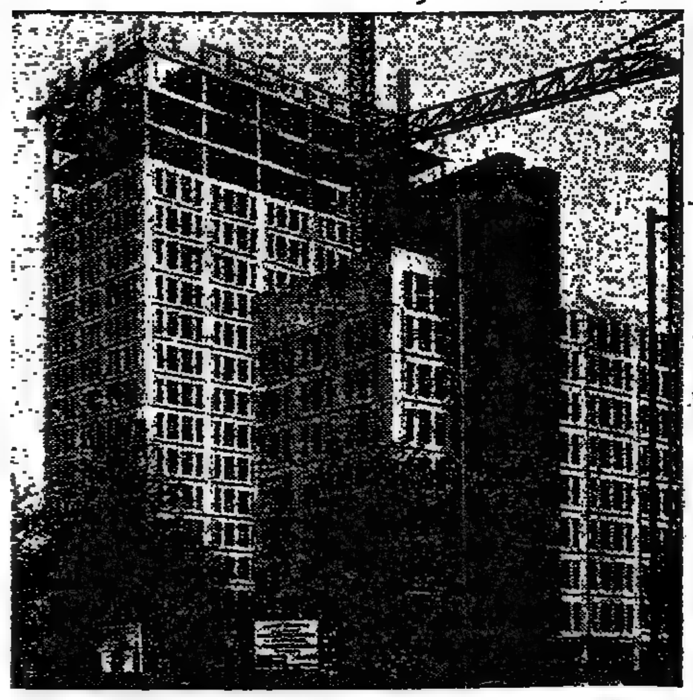
THE FUTURE of Capital and Counties must be much influenced by the price it gets for selling its 62.4 per cent. Canadian subsidiary Abbey Glen. That it is willing to sell, if the price is anything like a get-out, is confirmed by the appearance of a second potential bidder. Genstar's interest, first expressed last week-end, came "out of the blue," say the London management.

James Scott in Toronto writes: There now are two suitors for Abbey Glen Property of Toronto and the Canadian financial community anticipates there could be others for the subsidiary of Capital and Counties. The two suitors are Cadillac Fairview Corporation of Toronto, Canada's largest property developer, and Genstar of Montreal, a conglomerate with interests in land development, housing construction, cement, building materials, industrial chemicals, fertilisers, marine transportation and heavy construction.

Both companies view Abbey Glen's property holdings as complementary to their own and both are keenly interested, but the deputy chairman of Genstar, Mr. Angus McNaughton, said in an interview he does not think his company would become involved in a bidding war with Cadillac Fairview.

At the time Cadillac Fairview made known its interest on April 10, Abbey Glen was selling on the Toronto Stock Exchange at about C$4 a share. Since then the price has climbed rapidly and currently is about C$6.50. Trading has been quite active.

One Bay Street analyst estimates that a figure of C$7 a share might be offered by Cadillac Fairview. This would involve about C$50m. for all of the shares held by Capital and Counties. Other analysts suspect this figure is too low and suggest that a price of about C$11 a share for a total of about C$80m. might be more realistic. Capital and Counties paid a total of C$76m. and the deferred payments outstanding amount to C$32m.



Sir Francis Sandilands this week topped out the Hagley Road, Birmingham, block shown above, developed by the Commercial Union Assurance. Much trouble has been taken with the interior, with American designers and office space planners SLS Environetics responsible for the decor and retained to offer inquirers layout advice. But Birmingham in general and Edgbaston in particular is badly over-officed at present and CU is trying to get £¾m. a year for the 147,000 sq. ft. here, while MEPC has settled at below £2 a sq. ft. for parts of its nearby building at Fiveways. Letting agents are Jones Lang Wootton and Edwards Bigwood & Bewlay.

MEPC at law: played 2 won 1½

MEPC's brinkmanship in taking the Sydney Stock Exchange case right up to the Privy Council has paid off in a settlement, reached dramatically close (three hours) to opening time for the QCs. They needed a settlement in terms of the 420,000 square feet development's prestige — otherwise left as an Exchange Centre without a Stock Exchange—and because, besides the cost they had gone to in providing suitable space, gallaried around the trading floor, they had won a special amendment to the planning consent which improved the plot ratio and which, if the Stock Exchange managed to withdraw, might have been challenged.

The Pitt Street buildings are new, say MEPC, 25 per cent. pre-let, with occupation due from the start of 1979. The Stock Exchange, whose reputation did not survive the share slump in Australia in very good shape, has said it will maintain its headquarters there and will itself occupy most of the 17 per cent. of the total space involved over at least the first five years. The lease is for 20 years, with options to extend to 50 years.

The Privy Council appeal had raised a question of the right of the Stock Exchange to end an agreement of July 1972 under which the developers were to construct the building and the Stock Exchange was to fit out and take a lease of defined portions of the basement levels. It was the Commercial Causes Division of the New South Wales Supreme Court which, in November last year, had found for the Exchange, ruling that it had validly terminated the leasing agreement after MEPC, through its Bond Street City (Freeholds) subsidiary, had refused consent to an application to the city council for a change of use. What the Stock Exchange wanted to do, recognising that its 40 member firms had taken a very bull market decision in signing up with MEPC (they once even talked of taking the whole building and still have options of some upper floors), was to sub-let the new premises as offices and remain themselves in O'Connell Street.

The rent which MEPC has given away to get a settlement (though "giving away" may be putting it too strongly since both sides recognised that the Exchange had signed a rather foolish escalated rent agreement) is probably considerable in percentage terms. The original $A400,000 a year might have been doubled and the terms of the settlement bring this down to below $A600,000. The difference, however, is small in terms of total cost and the goodwill element gained by a settlement.

In MEPC's other court decision this week, it is definitely the money that matters. It says that possibly £2¼m., including interest on back rents, is involved in its various claims against the Department of the Environment over frozen rents between 1972 and 1975. The slightly different interpretations of the Appeal Court and the lower court only strengthen the case of MEPC and other landlords.

Before the judgment, MEPC were fairly confident of the verdict but also thought the Government was certain to take it to the Lords. When the Appeal Court said that the case could only go there if the Government was prepared to stand all the costs, whatever the result, the odds clearly shifted. The estimates of by how much a successful outcome could benefit property companies vary between £10m. and £20m., and it is hard to find just who had buildings let to the Government with rent reviews or lease renewals falling within the early part of the freeze. But the big landlords, from the Prudential down, are all in line to claim their share once MEPC gets the final decision.

INDUSTRIAL AND BUSINESS PROPERTY

NEWPORT
SOUTH WALES

AVAILABLE FROM MID-MAY 1976
A MAJOR OFFICE AND SHOP DEVELOPMENT
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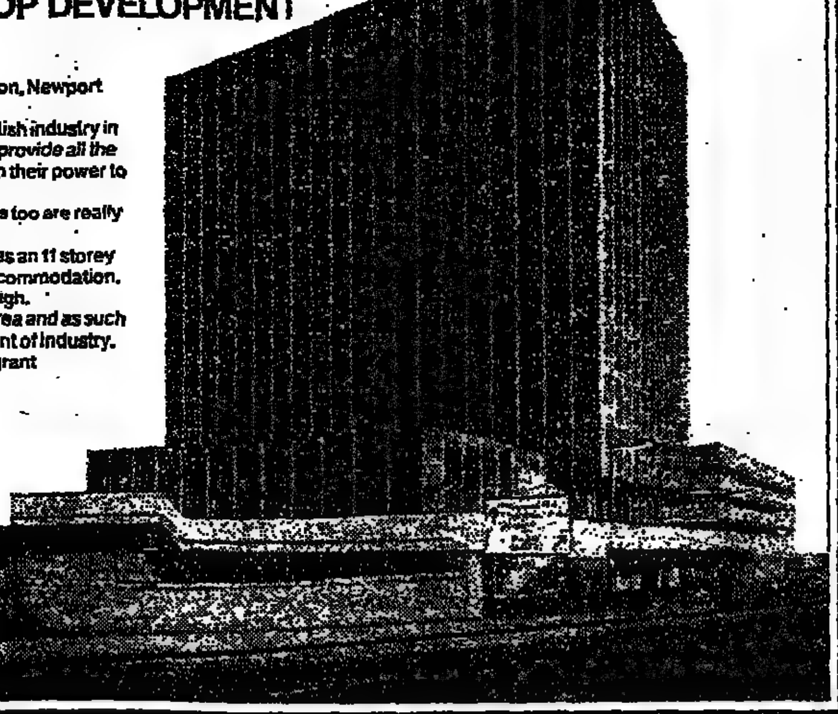

Astride the M4 motorway, under 2 hours from London, Newport offers attractive re-location opportunities.

It has attracted many of the big names of British industry in recent years and the go-ahead Council are keen to provide all the help a new company needs and will do everything in their power to assist in finding accommodation for key workers.

Education, shopping and recreation facilities too are really first class.

The Clarence House development comprises an 11 storey office tower with 87,000 sq. ft. of air conditioned accommodation. The standard of finish throughout is exceptionally high.

Newport is an Intermediate Development Area and as such benefits from grants administered by the Department of Industry.

For further details of this development and grant information contact the Joint Letting agents.

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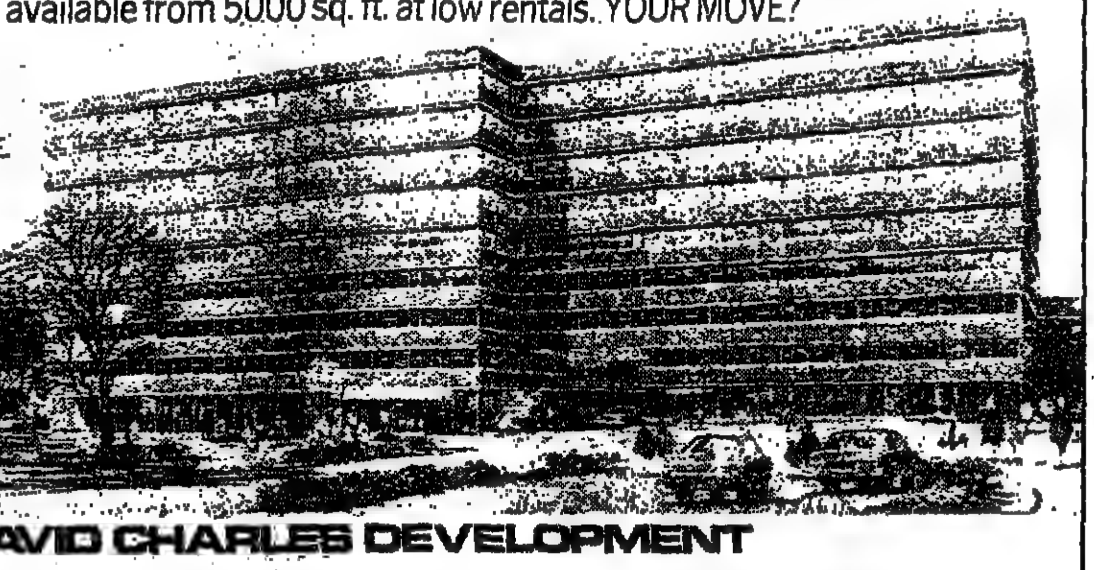
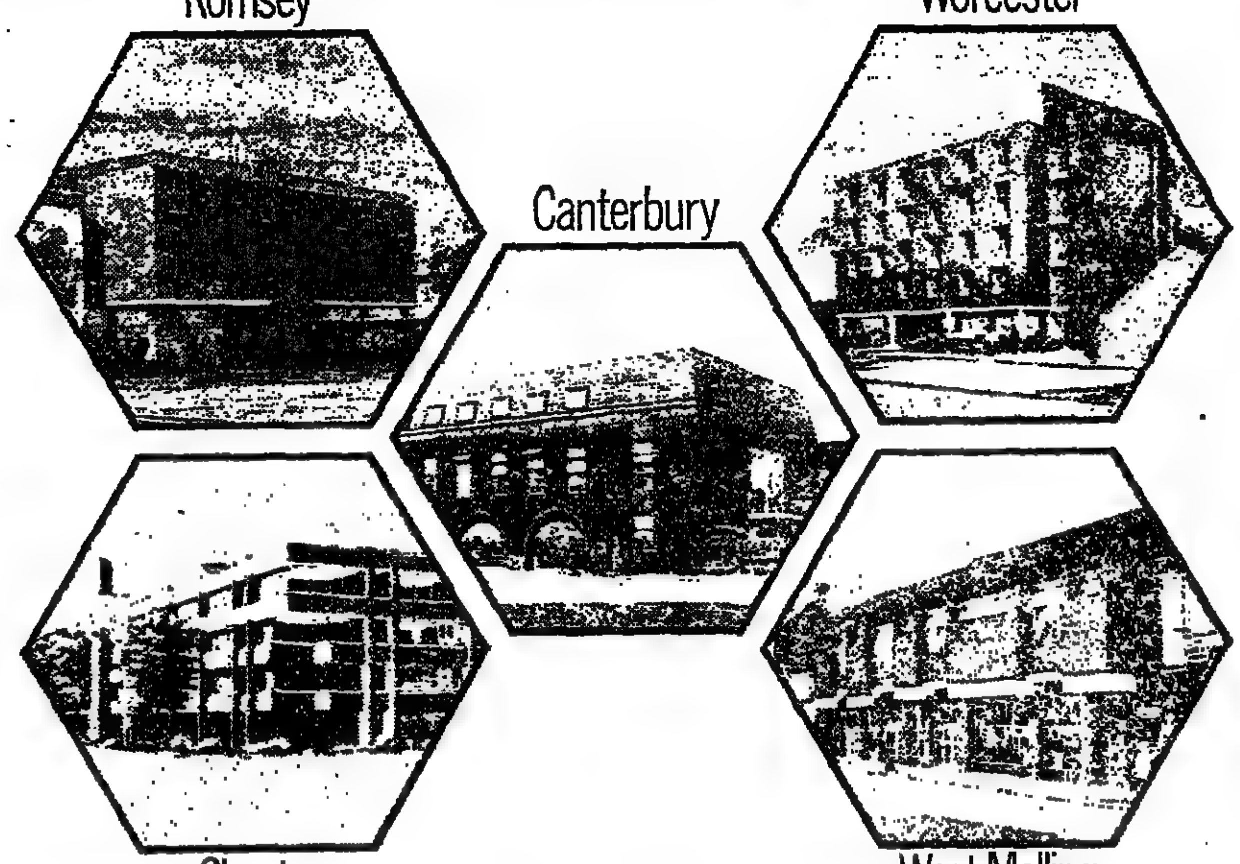


A DAVID CHARLES DEVELOPMENT

Whitbread Trafalgar have new property in the right places



Romsey	Chester	Canterbury	Worcester	West Malling
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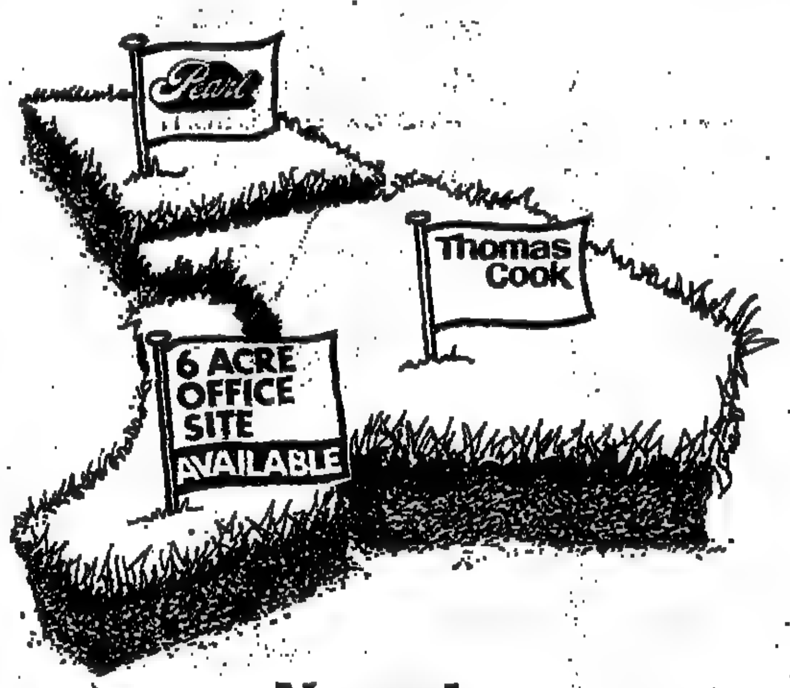

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16,000 square feet of newly completed offices and 10,000 square feet of showrooms, storage, flats and car parking are to be let at the top of Grays Inn Road. (*Boadicea fought the Romans here back in AD61, trying to get further into London!*).

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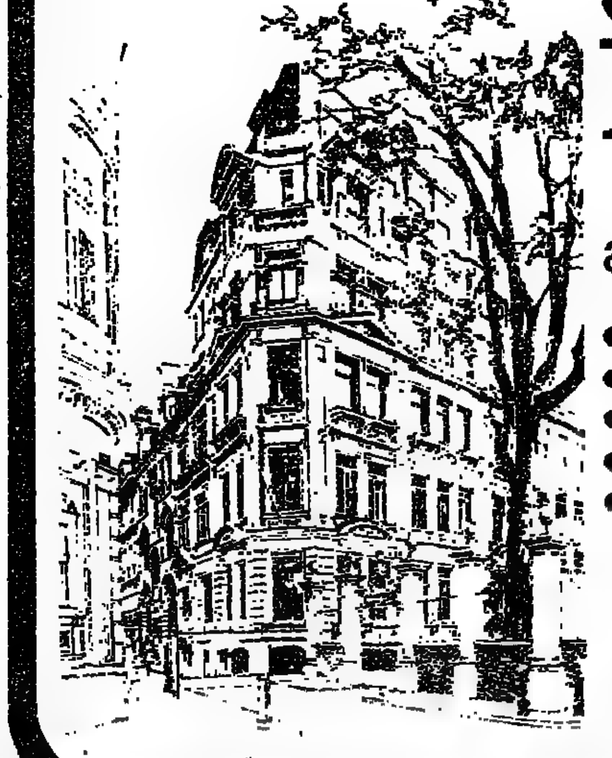

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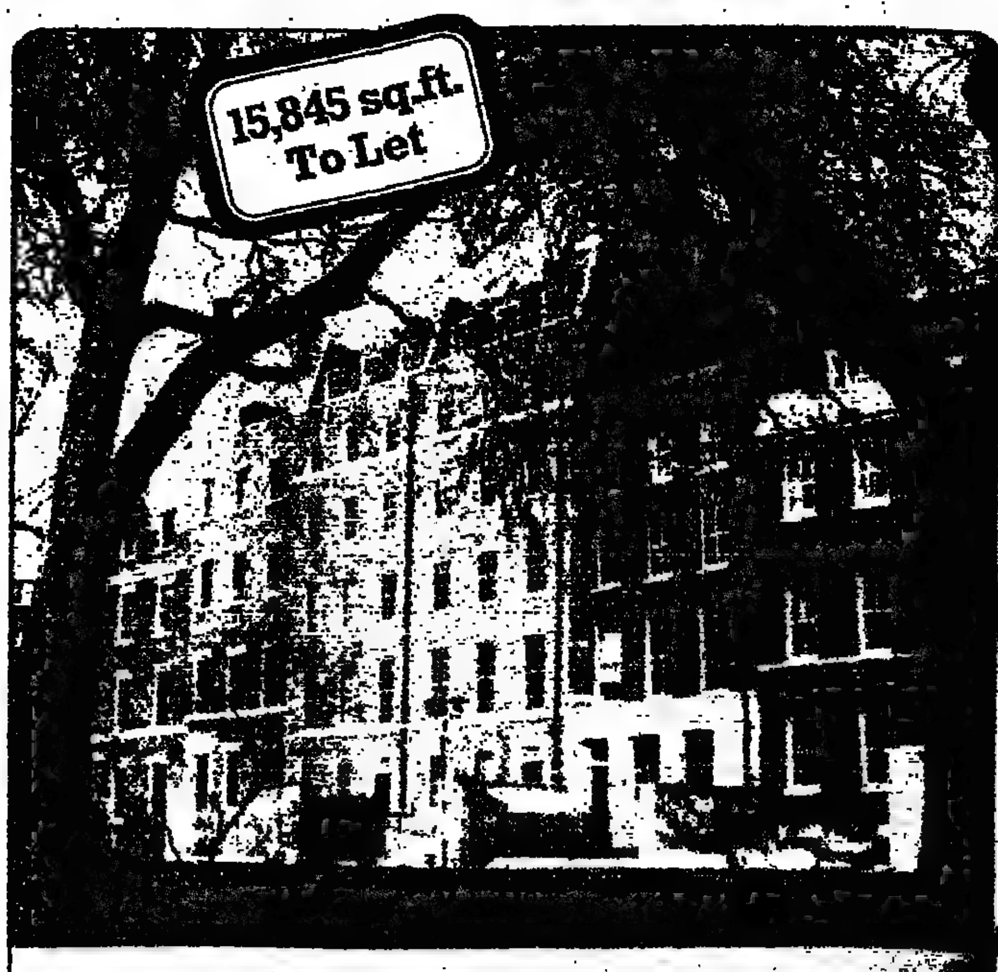

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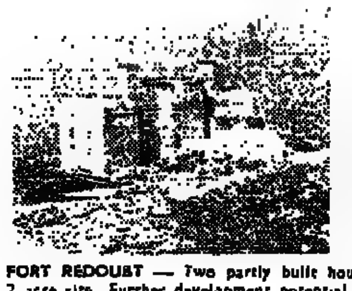

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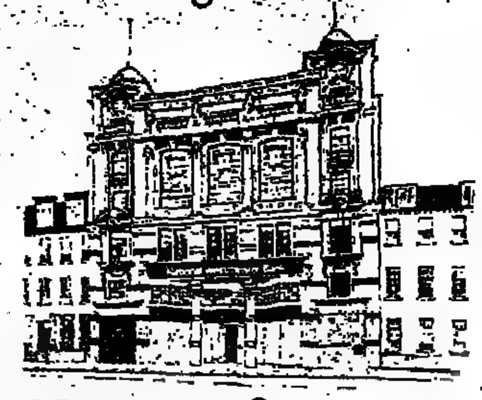

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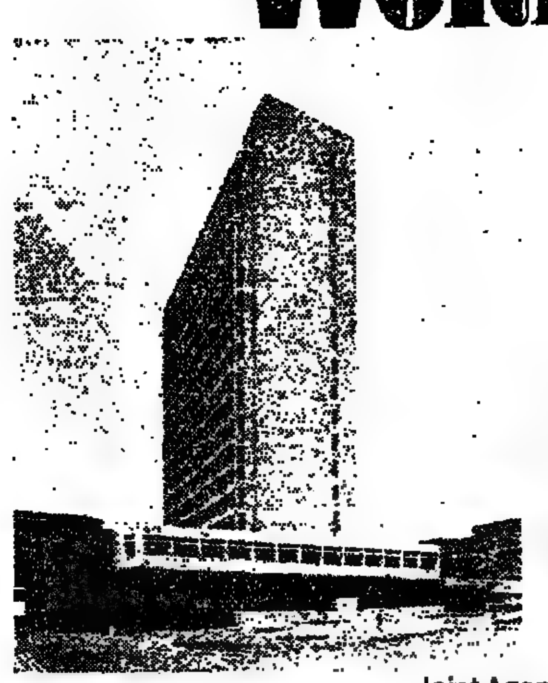
Woking



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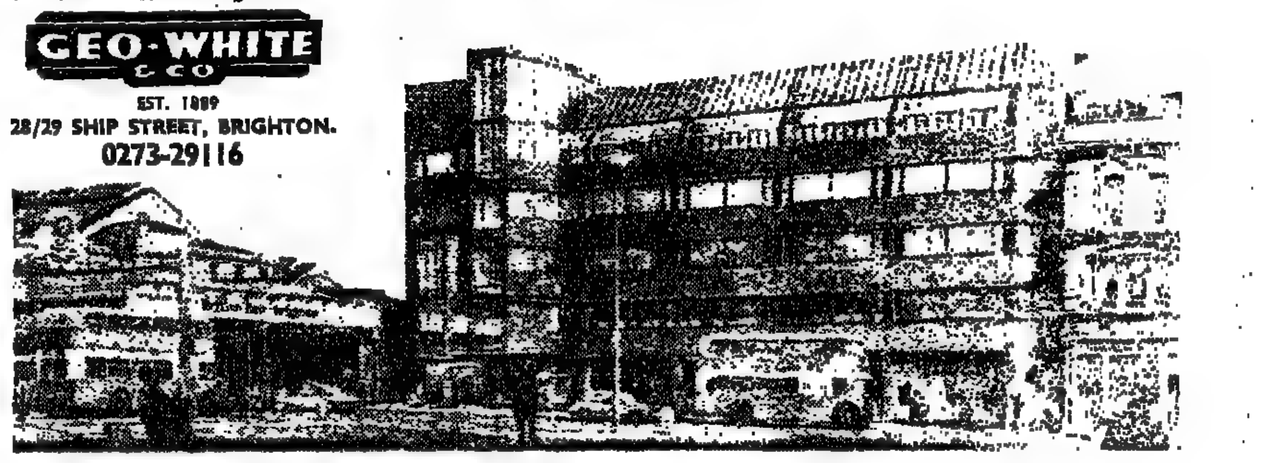

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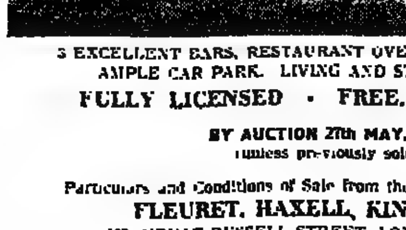

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Dacre, Son & Hartley, Chartered Surveyors, Royal Exchange House, Boar Lane, Leeds 1. Tel. 34631. Also Otley, Ilkley, Keighley, Skipton & Knaresborough.

Peter F. Smith, Industrial and Commercial, 4 South Parade, Tel. 40852.

Walker Son & Packman, Chartered Surveyors, Commercial & Industrial Property, 94 Vicar Lane. Tel. 40808.

SHEFFIELD

T. Saxton & Co., Chartered Surveyors, Estate Agents and Valuers, 38 Queen Street, Sheffield. (0742) 77833.
David T. Ward & Co., Land & Estate Agents, Auctioneers, Valuers, 53 North Church St. Tel. (0742) 23062. Industrial & Commercial Dept.

YORK

Breader & Spencer, Chartered Surveyors, Estate Agents and Auctioneers, 6/7 Bridge St., York. Tel. (0904) 21441. Telex 57738.

SCOTLAND

ABERDEEN

Bell-Ingram, Chartered Surveyors, Rubislaw Terrace. Tel. (0224) 24401.
Burnett (F. G.), Chartered Surveyors, Valuers & Estate Agents, 11 Rubislaw Terrace. Tel. (0224) 572661.

EDINBURGH

Bell-Ingram, Chartered Surveyors, Walker Street. Tel. 031-225 3271. Also at Perth, Irvine and Aberdeen.
S. D. Ellison & Partners, 33 Castle St. Tel. 031-226 6611; and Newcastle.
Leavers, 91 George Street, Edinburgh. Tel. 031-226 4791/2.
Ryden, Kenneth and Partners, Chartered Surveyors, 71 Hanover Street, EH2 1EF. Tel. 031-225 6612.
Walker Son & Packman, Chartered Surveyors, Commercial & Industrial Property, 45 Hanover St. 031-225 3271.

GLASGOW

Conrad Ritblat, Conslt. Surv. & Vals., 2 Royal Cres., G3 7SL. 041-332 8661.

ISLE OF MAN

DOUGLAS

Cowley Alan & Co., 12 Athol Street (0624) 5596 and also at Ramsey (062481) 2821.

IRELAND

BELFAST

Lisney & Son, 1-3, Donegall Sq. S., Belfast 1. Tel. (0232) 42350.

CORK

Lisney & Son, 25 Grand Parade, Cork. Tel. 23079.

DUBLIN

Leavers, 5 Dawson Street, Dublin. Tel. 0001-774335.
Lisney & Son, 24 St. Stephen's Green, Dublin 2. Tel. (0001) 764471. Telex 30...

FARMING AND RAW MATERIALS

Supply curb on aluminium expansion

WORLD GROWTH in aluminium ... will be limited by supply ... than demand in late 1977 ... ly 1978, Mr. William Hobbs, ... Aluminium vice-president, ... the London Mining Analysts ...

... her prices in this period ... enable the industry to ... der adding new capacity ... to meet demand in the ... but an ingot price of 55 ... a pound will be needed to ... investment in new smelt- ... plant. The present inter- ... nal aluminium price is ... ntly around 43 cents a ...

... forecast that Western ... primary aluminium pro- ... on will rise 5.3 per cent. in ... to 11,473,000 short tons from ... ,000 in 1975 while consump- ... will rise 20.3 per cent. to ... ,000 tons from 9,550,000. ... wever, total supply avail- ... will be 11,580,000 tons com- ... with 10,692,000 when the ... stockpile and Sino-Soviet ... are taken into account. ... rld smelter are estimated ... erate during 1976 at 84.1 ... nt. of capacity against 81.8 ... nt. last year. ... ser predicted total Western ... aluminium production ... ity will rise to 15,204,000 ... tons by the end of 1979 ... 13,424,000 at end 1975 and ... ,000 at end 1977.

Campaign for platinum use in jewellery

By Our Commodities Staff

WORLDWIDE campaign to ... te the use of platinum in ... llery was announced in ... n last night by Sir Albert ... son, chairman of Rusten- ... Mines.

... pointed out that, although ... llery provided the biggest ... market for platinum— ... nting for 40 per cent. of ... sales—over 85 per cent. of ... demand came from Japan. ... the western world, plati- ... had gone "out of fashion" ... the Second World War, ... y because it was not avail- ... in adequate quantity. The ... aign was aimed at chang- ... hat image.

... Robinson also forecast ... fuel cells, used to convert ... ical energy to electrical ... y, could provide a signifi- ... outlet for platinum over the ... decade.

... oking at immediate pros- ... he claimed that world- ... stocks of platinum were ... Producers would have dim- ... in meeting demand, if ... was a marked upturn in ... economy.

LME urges clampdown on speculative zinc trading

BY JOHN EDWARDS, COMMODITIES EDITOR

AN ANNOUNCEMENT by the London Metal Exchange committee yesterday, urging its members not to accept any more non-trade (speculative) orders for zinc until further notice brought widespread reaction in the other metal and commodity futures markets.

It was viewed by traders as the possible forerunner of a general move to restrict speculation in London commodity markets, which have been dominated in recent months by "hedging" against currency uncertainties and long-term "investment" in anticipation of a sharp upsurge in raw material prices when industrial activity recovers to normal levels.

Overseas traders were reported to be particularly perturbed by U.K. based attempts to restrict trading in an international market.

The immediate reaction on the Metal Exchange was for zinc prices to fall sharply, the cash quotation eventually closing £7.75 down on the day, at £429 a tonne. Other commodity prices generally lost ground in anticipation of possible reductions in speculative participatioon.

The LME announcement, made during the morning trading session yesterday, said that Bank of England returns for March showed a higher non-trade participation in zinc than for other metals.

A special return on zinc trading during April, requested by the Bannk, had shown an even more disturbing situation in the percentage of non-trade business.

As a result, it was felt desirable, both by the Bank and the LME committee, to take measures for reducing the amount of non-trade activity in zinc.

Since the 1973-74 commodities boom—when it was accused of not exercising sufficient control over commodity markets—the Bank has kept a much more careful watch on the markets and required more specific reports from traders to allow it to prevent "dangerous" situation developing, if possible.

In fact, it can be claimed that the zinc market is a special case. It has been the "poor relation" of the metal exchange markets ever since the introduction of the European producer price, at which the bulk (around 90 per cent.) of zinc is sold outside North America.

This means that LME zinc trading is very much a residual market, mainly relying on supplies from Communist bloc countries. In normal times, it has little impact on the price of zinc.

Unlike the copper, tin and lead markets, very few direct producer-consumer contracts use LME zinc quotations as a pricing basis.

Its role is particularly diminished at times when there are plentiful supplies of zinc from producers, as at present. There is little point in "hedging" against a known fixed European producer price that changes infrequently, so that trade interest in the LME at the moment is very limited.

The small volume of trade business, compared with that of other metal markets, leaves the zinc market vulnerable to being dominated by speculative activity.

The amount of non-trade business in zinc is undoubtedly much less than speculative participation in copper, for example, but the much greater trade activity in copper means that it can easily absorb heavy speculative interest without prices being unduly influenced.

Zinc trading on the metal exchange was restricted previously at the end of 1973, when new buying of cash metal had to be suppended because of an acute shortage of available supplies.

This again was a reflection of the limited importance of the zince market and had no long-term repercussions, as feared, on other markets.

But specific moves to restrict speculation (non-trade business) could be more serious for the commodity markets as a whole in setting a precedent.

It is argued by commodity traders that speculation is a vital ingredient in helping to provide the funds needed to make futures markets a viable hedging medium for the trade.

If doubts are raised about "artificial" restrictions on London commodity trading, the markets could suffer a severe loss of business, which is an important source of invisible export earnings to the City.

'Potato price bubble has burst'

BY RICHARD MOONEY

MORE GOOD news on potato prices. The Cyprus Potato Marketing Board reduced its wholesale prices yesterday by 25 per cent., to £6.60 per 56 lb bag.

This should mean a 3p cut in retail prices, to around 17p, on Monday. The move was also expected to lead to lower prices for potatoes imported from Spain, Morocco, Israel, Greece, Jersey and Guernsey, said a spokesman for the National Federation of Fruit and Potato Trades.

Prices for both new and old potatoes had already begun to fall sharply in the face of growing imports. With general home crop lifting of new potatoes also expected to start early next month, the Federation spokesman said: "The potato price bubble has definitely burst."

The Cypriots, who are likely to ship some 85,000 tons to the U.K. between now and the end of June, gave no explanation for the decision to cut prices, but the Federation spokesman said it was probably in response to consumer resistance.

The action will not be welcomed by wholesalers, however. "It will have a disastrous effect on some traders who are having to carry the difference in the price of their stocks," the spokesman said.

Prospects are also bright for home-grown vegetable supplies. Cabbages, spring greens, cauliflowers and lettuces were all beginning to arrive in larger quantities, as a result of which prices had started to fall, the Federation stated.

Further good news for housewives came yesterday with a forecast that egg prices will fall by up to 5p a dozen next week.

A spokesman for the Goldenlay marketing consortium said this was due to the EEC market being swamped with surplus eggs. Previously, they were being exported to the Middle East where demand is being met now by Eastern European supplies.

The surplus eggs are not coming into the U.K. in large quantities yet, but home producers have been forced to reduce their prices to make the British market less attractive.

Sharp fall in sugar values

By Our Commodities Staff

WORLD SUGAR prices fell sharply in London yesterday. The London daily raws price was fixed £6 lower in the morning, at £192 a ton, and by the close the October position on the terminal market had declined by £7.5, to £194.85 a ton.

Dealers saw the early decline as a follow-through from after-hours dealings in London on Wednesday and the overnight tone in New York.

Sentiment was affected by what was considered a "bearish" result at the latest EEC selling tender—48,950 tonnes of whites at a maximum export subsidy of 4.979 Units of Account.

The easier tone was also encouraged by the result of a Thailand selling tender, where one cargo of raws was sold at $318.86 a tonne fob for June/July shipment. Thailand is due to sell a further 25,000 tonnes for the same shipment period to-day.

Futures values came under further pressure later in the day because of nervousness over the London Metal Exchange's recommendation that members should not accept new non-trade business in zinc.

Australian wool prices weaker

WOOL AUCTION prices in Australia were generally weaker yesterday. Reuter reported from Adelaide that values were barely maintained for fleece wools. In Portland, 19-22 micron range wool was barely maintained and some other ranges were easier.

In Newcastle, prices eased and the Australian Wool Corporation bought four per cent. of the 13,600 bales offered. But prices in Auckland remained firm.

From Wellington the New Zealand Wool Marketing Corporation announced that its stockpile at the end of April had been reduced to 77,661 bales.

EAST GERMANY BUYS PERUVIAN FISHMEAL

LIMA, May 13.

EAST GERMANY has purchased 20,000 tonnes of Peruvian fishmeal under a three-year agreement with the Peruvian Fishmeal and Fishoil Sales Company, an East German Embassy official said here.
Reuter

GRAIN SUPPLIES

U.S. optimism tinged with caution

BY OUR COMMODITIES STAFF

DESPITE CONTINUED hopes for bumper crops in the U.S., low world stocks and the unpredictable impact of weather conditions leave no room for complacency at this stage.

Dry weather has hit prospects in the major winter wheat growing areas of the U.S. and the USSR has experienced another bad winter which will cause problems for the second successive year. Dry weather across Europe also is causing some early concern about effects on cereal harvests.

In Britain, the record acreage of winter wheat still looks well and soil moisture has been adequate so far. Continued drought could bring problems later in the summer in some areas, but a leading trader pointed out this week that there is still time for the crop to benefit from any rainfall and realise its potential. "A bumper domestic crop may yet make a mockery of our present high forward prices," he added.

In the immediate future, U.K. traders are apprehensive that the change in the payment of EEC monetary compensation amounts on cereals, which takes place next week, could push up prices.

A. A. Hooker says in its weekly report; "EEC exporters must provide proof of delivery into the U.K. before claims for the subsidy can be made. It is feared that since payments will be delayed while the claim hacks its way through this unexplored administrative jungle, some exporters, on a sellers market, may be tempted to recoup by raising the price to British customers." The company adds, however, such fears may be exaggerated, while there is a need to remain competitive.

Reuter reported from Moscow yesterday, that Soviet farmers had sown 49 per cent. of the planned areas of spring grain and pulses, but that in many European areas of the country a late Spring had reduced the time available for the work and farmers were hurrying to catch up.

Mr. Richard Bell, the U.S. Assistant Agriculture Secretary, said earlier that it was unlikely that the Soviet Union would be able to produce its target of 220m. tons of grain in any year in the next four. It would probably have to import about 15m. tons a year during that period.

The USSR has purchased more than 16m. tons of U.S. grain so far from the 1975-76 crop plus 2.2m. tons of the 1976-77 crop, to make up last year's disastrous shortfall in its harvest, which totalled little more than 140m. tons.

Lack of rain has delayed sowing in most parts of Eastern Europe as well, according to reports from Vienna. Delays have been experienced in Hungary, crop growth has been retarded in Czechoslovakia and Austria has been without substantial rain since the beginning of April.

Visitors to China have reported that cold, wet weather has interfered with the maturing of winter wheat in the intensively cultivated province of Kuangtung, which in turn has delayed work on transplanting the crop.

Dry weather in the U.S. has brought a reduction of about 1m. tons in the USDA's official estimate of winter wheat prospects, to around 40m. tons, but a bumper 152m. ton maize crop is anticipated.

Despite the weather problems, and in the knowledge that any forecast so far ahead of harvest time is fraught with possible errors, the USDA has estimated a record world supply of wheat and feed grains this year.

Global production, plus remaining stocks from this season, could boost total supplies to around 1.17bn. tonnes—about 36m. more than the 1973-74 record, it says.

Coffee price rally continues

BY OUR COMMODITIES STAFF

THE RALLY in coffee prices was maintained in early dealings yesterday but prices drifted a little lower during the afternoon. On the London terminal market the July position reached £1,474 a tonne at one stage before closing only £1,025 higher on the day at £1,437-5 a tonne.

Trade sources attributed the initial increases to limit-up trading in New York on Wednesday night, and to market rumours that Colombia and Mexico had closed export registrations.

In Washington, meanwhile, the Commerce Department reported that U.S. coffee roastings rose to 5.85m. 60-kilo bags in the first quarter of this year, a rise of 1.02m. on the final quarter of 1975 and 937,000 more than in the January to March period last year. The figure includes 851,000 bags roasted for soluble use, compared with 802,000 in the fourth quarter of 1975 and 754,000 in the first quarter of that year.

U.S. stocks of green coffee on March 31 totalled 3.6m. bags, up 1 per cent. from December 31, 1975, and 35 per cent. from March 31, 1975.

In London yesterday, the International Coffee Organisation (ICO) revealed that coffee exports by its members in the 12 months to March 31 totalled 59.49m. bags against 51.79m. in 1974-75 and 62.37m. in 1973-74.

Despite the July frost Brazilian 1975-76 exports were higher than in the previous year, said ICO executive director Alexandre Beltrao. He added that exports were running at a high level, especially from countries other than Brazil.

Total exports in the January to March period this year are preliminarily estimated at 14.92m. bags, up 707,000 bags in the first quarter of 1975. During the first quarter exports of all categories except unwashed arabicas, which includes Brazil, were higher than last year.

Sr. Beltrao said Bolivia, Cameroon, Colombia, Dominican Republic, Ecuador, El Salvador, Haiti, Honduras, Indonesia, Ivory Coast, Madagascar, Mexico, Paraguay, and Trinidad and Tobago all exported more coffee in 1975-76 than in any of the corresponding periods during the last six years.

● Cocoa prices claimbed steeply in early dealings reaching £1,089 a tonne in the July position during the morning. But prices closed in the middle of the day's range with July cocoa quoted at £1,069.75 a tonne, up £10.25 on balance.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

Base metal markets on the London Metal Exchange were influenced by the Committee's directive which urged members to accept no further non-trade business in Zinc other than liquidation until further notice. Copper had opened ... reflecting the initial weakness of ... with forward metal trading up ...

... price fell to £427 owing to profit-taking before ending at £434 on the afternoon Kerb. Turnover 2,200 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £848, three months £873, 74, 73, 73.5, 76, 73, 74, 73, 72, 71, 70, 69, 68, 67. Cathodes: three months £857. Kerb: Wirebars: three months £865, 66, 64, 63, 61, 62, 63, 62.5, 63. Afternoon: Wirebars: three months ...

Standard: three months £4,205, 10, 05, 00, 01. Kerb: Standard: three months £4,200, 4,195, 90, 95.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	4112-5	+11	4088-91	+3.5
3 months	4227-30	+16	4205-6	+10.5
Settlem't	4115	+10	—	......

... for May-June, Duluth-Superior to Antwerp/Hamburg range at $19.75 f.i.o. for prompt and Brazil to the Black Sea at $19 free discharge for May. Other grain fixtures included St. Lawrence to Antwerp/Hamburg range at $5.85 f.i.o. for May-June and U.S. Gulf to Antwerp/Hamburg at $8.85 f.i.o. for May-June. River Plate shippers also covered a grain cargo to Poland at $22 free discharge for May. In the sugar section, ...

Wheat: U.S. Dark Northern Spring No. 2 14 per cent. July £96.50 direct Tilbury seller. EEC feed June £76 East Coast seller.

Maize: No. 3 Yellow American/French ...

NOUNCEMENTS

CINEMAS—(Cont.)

PUBLIC NOTICES

COMPANY NOTICES

ART GALLERIES

PERSONAL

COFFEE

SILVER

COCOA

FREIGHTS

RUBBER

SOYABEAN MEAL

GRAINS

SUGAR

WOOL FUTURES

JUTE

MEAT/VEGETABLES

SMITHFIELD (prices in pence per pound) ...

COTTON

PRICE CHANGES

Prices per ton unless otherwise stated.

	May 13 1976	+ or —	Month ago
Metals			
Aluminium	£456	......	£456
Free Market (cif)	£465-475	......	£440-455
Copper			
Cash Wire Bars	£856.5	+1.25	£821.75
3 months do. do.	£863.5	+1.25	£845.25
Cash Cathode	£829.5	+1.25	£815.25
3 months do. do.	£856.25	+0.75	£838.75
Gold ... Troy oz.	$127.875	−0.25	$128.5
Lead Cash	£270	−6.75	£235.5
3 months	£280.5	−6.75	£243.75
Nickel	£2,552.6		£2,450
Free Market (cif) (lb)	$2.05-2.2	......	$2.08-25
Platinum (tr.oz.)	£86-91		£83.5-89
Free Market	£85.9	+0.65	£79.35
Quicksilver (76lbs)	$88-92	......	$100-105
Silver Troy oz.	248.9p	+2.6	240.45p
3 months	255.5p	+2.5	246.55p
Tin Cash	£4,098.5	+3.5	£3,832.5
3 months	£4,200.5	+11.5	£3,895
Wolfram 22.04lb. cif	$160-62	+0.5	$53-55
Zinc Cash	£429	−7.75	£421.5
3 months	£445.75	−9.0	£435.25
Producers	$790	......	$795
Oils			
Coconut Malayan			
Groundnut			
Linseed Crude	£385		£408
Palm Malayan	£395		£382
Soyabean	£190	−2.0	
Seeds			
Copra Philippine	£215	−2.0	£210
Groundnuts Nigerian			
Linseed Can No. 1	£176	+1.5	£165.5
Grains			
Barley EEC	£71.75	......	£71.75
Home Futures	£70.9	−1.05	£73.25
Maize			
French No. 3 Am.	£78	......	£79.45
S.A. Yellow		......	£75
Wheat			
No. 1 Red Spring			
No. 2 Hard Winter		......	£92.1
Australian f.a.q.			
English Milling	£77.8	−0.5	£75
Cocoa Shipment	£1121.5	−8.5	£950
Futures July	£1069.75	+10.25	£941.75
Coffee shipment			
Futures July	£1437.5	+10.5	£1,187.5
Cotton 'A' Index	69.6	+0.05	65.95
Jute UABWC	£210	......	£205
Rubber kilo	45.5p	+0.5	44p
Sisal EA 3L	$600	......	$600
Sugar (Raw)	£192	−6.0	£178
Woolltops 64s kilo	249p	−3.0	250p
Cloves Madagascar	$5,100	......	$2,900
Pepper White ...ton	£1,083	−10.0	£1,050
Black ...ton	£695	+10.0	£650

* Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♣ Indicative price. a Seller ...

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

U.S. Markets

Coffee and grains firm: cocoa rises

NEW YORK, May 12.

COFFEE rose considerably and cocoa recouped Tuesday's losses. Copper was marginally higher as was cotton. Platinum was considerably stronger. Grains were strong but soyabeans and soyabean products eased.

Cocoa—Ghana spot 98 ...

Coffee—"C" Contract: May 139.00 ...

Copper—May 70.00 ...

Cotton No. 2—July ...

Gold—May 128.00 ...

Greasewool—Spot 180.0 ...

Lard—...

Maize—...

Platinum—July 160.50 ...

Silver—Spot 457.00 ...

Soyabeans—May 511 ...

STOCK EXCHANGE REPORT

Equity markets sustain a fairly widespread setback

Share index down 4.4 at 408.5, after 406.4—Gilts ease

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 3	May 13	May 14	May 25
May 17	May 27	May 28	Jun. 9
Jun. 1	Jun. 10	Jun 11	Jun. 22

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

WITH ICI's £196m. "rights" issue expected to cream off a great deal of institutional funds earmarked for stock markets, leading and second-line equities sustained a fairly widespread setback yesterday. Uncertainty about the April trade figures due to-day also unsettled sentiment generally and left British Funds with falls ranging to ¼. The Government Securities index eased 0.17 to 63.45. However, closing quotations here were around ⅛ above the worst, the rally being helped by news that the Mineworkers' Union Executive had voted to back the Government TUC wages policy.

Leading industrials also ended above the worst, as reflected in the FT 30-share index which touched its lowest of the day at 2 p.m. with a fall of 6.5 and closed 4.4 off on balance at 408.5. Selling was only modest, with the day's reaction being partly attributed to defensive marking down by jobbers. ICI cheapened 6 more to 387p in a low volume of business, while activity in the other leaders was also at a low ebb.

Second-line equities took their cue from the leaders: falls led rises by nearly 4—1 in FT-quoted Industrials, while the FT-Actuaries All-Share index gave up 1.3 per cent. to 167.31. Among the sectors, Merchant Banks were unsettled by the suspension of dealings in Edward Bates, above-average falls being mirrored in a loss of 2.5 per cent. to 78.50 in the FT-Actuaries index for the subsection.

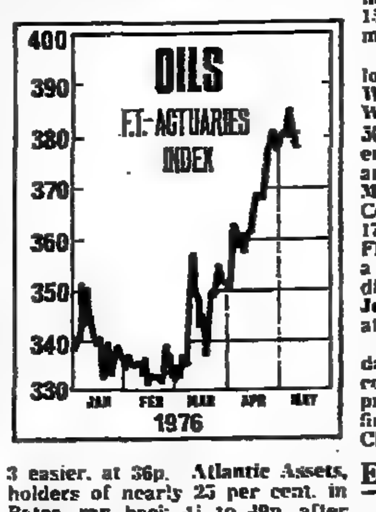
Gilts shade easier

The absence of any follow-through to the recent buying of British Funds turned attention again to sterling and, with this being initially more unsettled than of late, the market became reactionary. High-coupon longs were most affected, showing losses extending to ¼, while selected shorts were also as much as ⅛ lower. Reports and the later confirmation that the Mineworkers' Union executive had accepted the Government's wage policy rekindled interest, however, and although business was slow when compared with recent standards a recovery ensued. This left longer maturities generally ⅛ down on balance, although a few were ⅛ easier with a fair number of shorts down the same amount. Corporations held their overnight levels.

Demand of a general nature was eventually satisfied but not before the investment currency premium had risen to 126 per cent. Thereafter, the rate drifted back in slow trading to close ⅞ down on balance at 123½ per cent. Yesterday's SE conversion factor was 0.6331 (0.6313).

Merchant Banks dull

The suspension of two share quotations in the sector in the space of a few minutes at the start of business yesterday served to depress Banks which ran back nervously in thin trading. The suspension of Edward Bates came as no real surprise, however, after the continuation of recent pressure had seen the shares fall a further 6 to a 1976 low of 20p in the early business; dealings were suspended at the company's request pending clarification of it's financial position; the shares were standing at 40p at the start of the month. British Debt Services were suspended at 8p for a similar reason with the chairman stating that negotiations are currently underway which, if successful, will result in the company being a viable concern again. These moves totally upset Merchant banks which displayed widespread losses. Hambros lost 6 at 204p, Arbuthnot Latham eased 5 to 180p, Grimshawe shed 4 to 26p and Hill Samuel gave up 3 to 102p. Keyser Ullmann were also 3 easier, at 36p. Atlantic Assets, holders of nearly 25 per cent. in Bates, ran back 4½ to 49p, after 46½p. Among Hire Purchases, Lloyds and Scottish gave up 5 to 77p on the disappointing interim figures, while UDT receded 2 to 23p. In thin trading, the big four Banks moved in line with the dull trend and Barclays lost 10 at 290p.



Royal were a dull feature in Insurances, touching a 1976 low of 300p before closing 6 down on balance at 306p following the disappointing first-quarter figures which displayed doubled underwriting losses due to the severe U.K. storms in January. Other Composites eased in sympathy but closed above the worst. General Accident ended 3 off at 166p, after 164p. Lloyds brokers succumbed to further profit-taking with C. E. Heath 5 lower at 402p and the "new" nil-paid 6 down at 102p premium. Matthews Wrightson receded 7 to 215p.

In quietly easier Breweries, Bass Charrington softened 2 to 95p and Allied were a penny off at 66p, after 65p; the latter's interim figures are expected next month. Distillers gave up 2 to 152p despite favourable Press mention.

Among Buildings, R. Costain lost 4 more at 225p and Taylor Woodrow reacted 6 to 278p. Geo. Wimpey ended a penny off at 30p despite the chairman's encouraging statement at the annual meeting. Montague L. Meyer gave up 3 at 70p, while Cements had Associated 4 off at 178p and RMC 2 cheaper at 88p. FPA Construction contrasted with a penny rise to 10p despite the dividend omission and loss. A. V. Jennings were also notably better at 172p, up 9.

ICI shed 6 to 387p for a two-day loss of 12 following Press comment on the "rights" issue proposal which accompanied the first quarter's figures. Other Chemicals were also easier.

EMI above worst

EMI, after reacting afresh to 247p, managed a partial recovery to 250p for a net loss of 4, helped by news that worldwide orders for the EMI-Scanner systems now amount to £105m. With the first-quarter report producing no fresh stimulating news, Philips' Lamp retreated 20 to 985p. GEC lost 4 to 139p, as did Thorn Electrical, at 260p, after 258p. Elsewhere, Racal Electronics finished 7 down at 229p, after 227p, while Telephone Rentals followed the full report with a reaction of 3 to 106p. Muirhead contrasted with an improvement of 3 at 122p ahead of interim figures expected next Thursday. Dorman Smith, 127p, were also 3 firmer.

In dull Stores, Burton "A" fell 3 to 32p while F. W. Woolworth eased 1½ to 61p and "Gussies" "A" cheapened 2 to 200p, after 199p. Other dull spots included Dixon's Photographic, 3 off at 80p, and Lee Cooper, 5 easier at 70p. Mail Orders closed without much alteration following a quiet trade. In Shoes, Booth International responded to the increased dividend and profits with an improvement of 2 to a 1976 peak 42p.

Leading Engineerings met with profit-taking and Hawker, despite news that it was developing a new version of the HS-125 business jet, fell 8 more to 474p. GKN remained out of favour and lost 5 to 322p, while Tube Investments gave up 6 at 370p and Vickers 4 at 188p. Weyburn shed 5 to 260p, but Staveley Industries rallied from 177p to end a net 3 cheaper at 179p. Trading announcements helped Midland Industries, 1½ better at 26½p, and Head Wrightson, which improved 1 to 33p. Newspaper mention took E. F. Jeavons up 4 to 62p and Hall-Thermotank were a penny dearer at 76p on the Prestcold deal. Elsewhere, Wadkin moved up 4 to 92p following demand late the previous evening.

Fox's Biscuits, a firm market recently after the announcement that Northern Foods (2 off at 79p) had acquired a substantial shareholding, reacted 8 more to 140p. Bejam were lowered 3 to 79p, while Confectioners had Geo. Bassett 3 easier at 80p and Rowntree Mackintosh 6 cheaper at 238p. Supermarkets gave ground, Tesco finishing 2 off at 42p and Kwik Save Discount 7 cheaper at 117p. Against the trend, Hazlewoods hardened 2 to 17p and Alpine Soft Drinks improved 3 to 120p.

Small falls littered Hotels and Caterers. Mount Charlotte were a shade easier at 3p, while CCH Investments, 32p, and Centre Hotels, 26p, gave up 2 apiece. Rowton Hotels closed a penny cheaper at 70p following the preliminary figures.

Wood Hall retreat

Miscellaneous Industrial leaders drifted lower in lethargic trading. Bowater lost 6 to 220p and Pilkington 8 to 238p, while Metal Box, 280p, after 278p, and Glaxo, 413p, both ended 3 cheaper. Unilever, down 6 the previous day after the AGM statement, closed 2 easier at 478p, after 476p, while the N.V. finished ⅛ down at £23⅛ xd. Beecham, with results due next Thursday, were only 2 softer at 370p. Elsewhere, Wood Hall Trust weakened 3 late to 73p in reflection of the sharply lower half time profits. AD International receded 4 to 94p following the recent rise on revived take-over hopes, while profit-taking left BTR 6 down at 195p. Thermal Syndicate showed a fresh reaction of 3 to 69p awaiting news of the bid talks with International Combustion. Gross Cash Registers, after recent bid speculation, declined 3 to 38p in front of to-day's annual figures. Royal Sovereign, on the profits setback, softened 2 to 36p, while the interim statement left J. Williams a penny off at 27p. Stonehill lost another 3 to 124p, while Hoover "A" shed 4 to 328p, but Elbar Industrial, in a thin market, moved up 10 to 110p. Avon Rubber ended a penny harder at 77p, after 79p, ahead of interim results due May 27. The Australian Broken Hill Proprietary were also in firm fettle, rising 15 to 805p.

Motors and Distributors had little to commend them, but Frank G. Gates moved up 3 to 67p on the preliminary figures and scrip issue proposal while Herman Smith closed a fraction harder at 9½ following the half-yearly report. Flight Refuelling added 2 at 33p, but British Leyland, 30p, and Dowty, 172p, both finished 3 easier. Abbey Panels, a firm market of late, reacted 4 to 32p.

Newspapers softened only marginally apart from Thomson, which lost 4 more to 221p. Small losses also obtained in Paper/Printings where Bunzl Pulp shed 2 more to 105p. London and Provincial Poster, in Advertising Agencies, found isolated support and rose 3 to 89p.

Shell results please

The Royal Dutch-Shell first quarter results were one of yesterday's few pleasing items and Shell consequently rallied from 427p to 437p before ending a net 4 higher at 436p. In contrast, British Petroleum were unsettled by Wall Street advices, which activated some London selling, and fell to 655p, prior to closing 8 lower on the day at 660p. Burmah shed 2 to 38p, along with Ultramar, 160p, and Tricentrol, 48p; the new nil-paid shares of the last-named were also 2 down at 4p premium. British-Borneo gave up 4 at 132p, but early investment dollar influences raised Associated Australian Resources, 120p, and Weeks Natural Resources, 75p, by 5 apiece. Late U.S. advices took ½ off Royal Dutch, at £41½.

In line with general market conditions, Properties were inclined to drift easier in idle trading. Among the leaders, Land Securities, 131p, after 130p, and MEPC, 63p after 64p, ended with net falls of 3 and 2 respectively, while British Land shed a penny to 28½p. Elsewhere, Maybrook Properties resisted the downtrend and gained 2 at 32p for a two-day rise of 6 in a thin market. Awaiting the Board's detailed defence to Sun Life's 73p cash offer, Artagen hardened to 78p before closing unchanged at 77p.

Overseas Traders stayed in easier vein. Inchcape receded 10 to 433p, Ocean Wilsons 4 to 125p and Sena Sugar a penny to 7½p.

A late flurry of buying developed in P and O Deferred in inter-office dealings ahead of to-day's publication of the annual report and accounts; the shares, 106p at the House close, were finally 3½ better on balance at 110p.

Major concerns among Textiles and Tobaccos drifted lower on lack of interest. Courtaulds closed 2 off at 154p, after 153p, while Bats shed 3 to 385p.

A fall of 5 to 192p in Guthrie provided the only price movement worthy of note in Rubbers.

Golds drift

The modest decline in the bullion price coupled with technical arbitrage considerations had a dampening effect on the prices of South African Golds, which, after opening a shade firmer owing to Cape demand, subsequently drifted in idle trading.

An attempted rally in the afternoon was curtailed by news that U.S. citizens in Rhodesia have been advised by the U.S. Government to make contingency plans to leave the country in anticipation of an increase in guerilla activity, although the news did not precipitate any substantial selling of Golds. The Gold Mines index gave up a further 1.3 to 182.8 while bullion was finally 12.5 cents lower at $128 per ounce.

In the heavyweight issues, Western Deep fell ¼ to £10¼, but Western Holdings, the subject of substantial U.S. selling late on Wednesday, rallied a half-point to £18½. Among the lower-priced stocks, losses of 10 were registered in Blyvoor (330p), [illegible]fontein (203p) and [illegible] (230p). Free State Sa[illegible] however, continued to [illegible] Continental interest; the [illegible] closed 5 higher at 195p, [illegible] 200p.

South African Financials [illegible] rored Golds. Anglo American [illegible] 8 to 324p while Union Corporation gave up 7 to 368p. In the London-based issues, Selection Trust receded a further 7 to 455p [illegible] the "new" shares dropped [illegible] to low of 32 premium.

Messina were a feature [illegible] Coppers, being 10 higher at [illegible] after 303p, on consideration [illegible] the increased interim dividend and half year profits. In [illegible] Tehidy rose 3 to 80p following the dividend increase and [illegible] posed one-for-one scrip issue.

Australians responded to [illegible] better trend in overnight [illegible] markets. Pancontinental rose [illegible] point to £11⅛ on rumours [illegible] change in the Federal Government's policy regarding Australian equity in uranium projects. Metals Exploration jumped [illegible] a year's peak of 67p on consideration of the improving [illegible] look for its Australian Greenvale nickel operation.

FINANCIAL TIMES STOCK INDICES

—	May 13	May 12	May 11	May 10	May 7	May 6	A year ago
Government Secs.	63.45	63.62	63.71	63.43	63.07	62.82	[illegible]
Fixed Interest	63.33	63.40	64.16	62.91	62.64	62.51	[illegible]
Industrial Ordinary	408.5	412.9	417.2	415.5	418.2	417.8	[illegible]
Gold Mines	182.8	184.1	192.0	190.5	184.0	178.6	[illegible]
Ord. Div. Yield	5.17	5.11	5.07	5.09	5.08	5.06	[illegible]
Earnings Y'ld %(full)	15.01	14.82	14.71	14.84	14.85	14.56	[illegible]
P/E Ratio (net) (*)	9.89	10.01	10.08	10.00	9.98	10.19	[illegible]
Dealings marked	5,700	5,805	5,270	4,922	4,893	5,702	[illegible]
Equity turnover £m.	—	60.61	47.99	44.82	58.78	68.75	[illegible]
Equity bargains total	—	15,088	12,159	15,203	15,182	14,208	[illegible]

10 a.m. 409.5. 11 a.m. 407.7. Noon 407.9. 1 p.m. 406.8. 2 p.m. 406.4. 3 p.m. 407.8.
Latest Index 01-246 8026.
(*) Based on 52 per cent. corporation tax. (b) Nil=9.88.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21	60.19	127.4	49.18
Fixed Int.	64.45	59.75	150.4	50.53
Ind. Ord.	420.8	361.6	543.6	49.4
Gold Mines	246.9	140.1	442.3	43.5

S.E. ACTIVITY

—	May 13	May 12
Daily—		
Gilt Edged	148.1	[illegible]
Industrials	201.4	[illegible]
Speculative	55.3	[illegible]
Totals	189.7	[illegible]
5-day Av'ge.—		
Gilt-Edged	147.7	[illegible]
Industrials	180.9	[illegible]
Speculative	57.1	[illegible]
Totals	180.1	[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Group	Thu May 13 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Wed. May 12 Index No.	Tues. May 11 Index No.	Monday May 10 Index No.	Friday May 7 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	154.51	−1.7	14.58	5.70	10.27	10.17	157.11	158.61	158.01	158.28	121.24	160.06 (21/4)	143.65 (2/1)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	139.99	−1.9	12.07	6.48	11.68	11.68	142.71	144.14	143.93	144.90	107.38	150.18 (15/1)	138.49 (30/2)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	213.73	−1.8	16.76	4.95	9.27	9.27	217.54	221.16	217.54	221.15	233.29	260.20 (16/1)	213.73 (13/5)	389.33 (19/5/72)	71.48 (2/12/74)
4	Electricals (16)	272.89	−2.8	15.05	4.54	9.85	9.54	280.76	282.84	281.78	280.45	210.80	287.30 (21/4)	250.60 (6/1)	350.04 (4/5/72)	86.71 (2/12/74)
5	Engineering (Heavy) (13)	187.30	−1.0	19.46	5.52	8.05	8.05	189.10	190.70	191.08	190.82	148.34	195.18 (5/5)	165.90 (6/1)	202.57 (28/5/72)	94.43 (1/2/76)
6	Engineering (General) (63)	144.95	−1.1	14.75	6.03	10.09	10.09	146.59	148.16	147.38	147.84	106.10	149.29 (5/5)	126.46 (2/1)	168.59 (4/5/72)	46.14 (6/1/75)
7	Machine and Other Tools (9)	58.75	−0.8	13.76	6.81	12.85	12.81	59.19	59.35	58.89	59.25	47.56	60.62 (5/5)	51.19 (5/1)	136.70 (4/1/66)	19.96 (15/12/74)
8	Miscellaneous (25)	140.71	−0.4	13.54	6.02	11.31	11.17	141.31	141.94	141.54	141.35	111.00	141.94 (11/5)	121.53 (2/1)	177.44 (25/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	135.54	−1.4	15.35	4.86	9.78	9.75	137.31	138.04	138.17	138.44	82.54	141.46 (21/4)	121.87 (2/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	151.22	−1.9	15.12	3.56	11.19	11.17	154.17	155.26	155.08	155.02	91.04	160.35 (7/4)	139.18 (2/1)	257.41 (19/5/72)	42.85 (12/12/74)
11	Household Goods (13)	180.82	−0.8	17.13	6.54	8.86	8.86	182.34	182.72	182.87	182.95	134.99	187.22 (1/4)	165.58 (2/1)	263.22 (4/5/72)	65.92 (17/12/74)
12	Motors and Distributors (25)	82.04	−0.9	17.91	6.35	8.44	8.40	82.79	83.11	83.46	84.01	46.50	85.16 (5/5)	70.05 (6/1)	170.89 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	154.81	−1.5	13.82	5.81	10.89	10.81	157.15	158.20	157.57	157.41	134.62	162.34 (4/2)	148.09 (12/4)	226.08 (16/2/72)	61.41 (13/12/74)
14	Breweries (15)	157.70	−2.4	14.27	5.87	10.51	10.51	161.57	162.30	159.87	161.26	142.95	179.43 (2/2)	150.28 (12/4)	281.87 (22/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	184.12	−1.8	10.22	5.49	14.90	14.90	187.44	186.89	184.05	185.16	156.04	190.67 (6/5)	173.82 (12/4)	257.40 (15/1/73)	78.81 (13/12/74)
16	Entertainment, Catering (14)	185.08	−1.4	15.13	7.21	11.72	11.65	185.64	189.26	187.89	188.05	142.71	211.26 (6/3)	182.25 (2/4)	329.99 (12/12/72)	54.87 (19/1/75)
17	Food Manufacturing (22)	174.91	−0.9	14.46	4.98	10.56	10.49	176.56	179.44	178.53	178.46	148.95	179.44 (11/5)	162.69 (20/2)	211.65 (1/9/72)	59.78 (11/12/74)
18	Food Retailing (16)	144.00	−2.0	11.46	4.80	12.70	12.70	147.00	145.88	144.31	145.53	136.07	150.06 (12/1)	135.51 (2/4)	235.08 (16/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	172.74	−1.3	12.52	5.97	12.25	12.25	175.03	176.33	176.49	176.60	137.03	184.34 (11/5)	163.47 (2/1)	260.29 (12/1/72)	55.08 (6/1/75)
20	Packaging and Paper (12)	108.95	−1.5	16.40	7.19	9.30	9.30	110.56	111.39	110.94	110.96	103.79	112.50 (26/2)	104.18 (2/4)	135.59 (28/4/72)	43.46 (6/1/75)
21	Stores (34)	126.55	−1.1	11.92	5.43	12.93	12.91	127.89	128.08	128.26	128.13	121.19	136.24 (2/3)	121.50 (12/4)	204.38 (16/8/72)	52.63 (6/1/75)
22	Textiles (23)	171.05	−1.4	12.69	6.47	10.41	9.75	173.65	175.70	174.54	173.58	155.76	185.19 (30/1)	163.16 (12/4)	253.72 (17/8/69)	62.66 (11/12/74)
23	Tobaccos (3)	230.19	−2.2	18.84	5.16	8.05	8.05	235.26	236.06	235.50	235.50	179.92	241.69 (3/3)	211.56 (5/5)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	78.00	−0.8	19.43	6.10	7.16	7.16	78.64	78.73	78.84	78.43	41.17	78.75 (11/5)	59.13 (22/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (96)															
25	Chemicals (26)	223.25	−1.2	11.47	4.09	12.28	12.28	225.96	226.29	225.63	226.67	166.86	251.38 (5/5)	199.45 (6/1)	251.38 (5/5/76)	71.20 (1/12/74)
26	Office Equipment (9)	97.21	−1.3	12.29	5.56	11.79	11.79	98.49	99.53	97.92	98.10	92.16	99.62 (21/4)	85.09 (2/1)	246.06 (1/6/72)	45.34 (2/1/75)
27	Shipping (12)	398.38	−0.6	15.65	6.47	10.18	9.85	400.75	404.38	405.10	405.21	360.56	432.64 (30/1)	356.52 (19/3)	517.00 (9/12/72)	90.80 (29/6/62)
28	Miscellaneous (49)	167.59	−1.5	14.17	6.46	10.39	10.38	169.79	170.80	170.08	170.51	148.28	172.96 (21/4)	155.79 (2/1)	258.35 (25/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	160.80	−1.4	13.76	5.65	10.80	10.75	165.16	164.22	165.55	165.68	151.34	165.58 (5/5)	152.00 (2/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	378.19	−0.2	11.32	4.34	10.21	9.46	378.92	380.59	382.65	386.37	267.01	386.37 (7/5)	331.44 (16/2)	461.60 (29/6/69)	87.25 (29/5/62)
31	500 SHARE INDEX	178.73	−1.2	13.37	5.44	10.70	10.50	180.99	182.09	181.63	181.96	142.77	185.00 (5/5)	167.51 (2/1)	227.95 (16/5/72)	65.49 (13/12/74)
32	FINANCIAL GROUP (100)	132.95	−1.9	—	5.56	—	—	155.65	136.50	137.50	137.63	137.18	153.46 (30/1)	132.75 (12/4)	241.41 (1/5/72)	55.88 (13/12/74)
33	Banks (6)	161.74	−2.1	19.15	5.23	6.04	8.04	165.18	165.57	167.03	167.82	147.84	192.16 (29/1)	152.93 (14/5)	288.32 (20/7/72)	52.44 (12/12/74)
34	Discount Houses (10)	167.90	−0.1	—	8.16	—	—	168.00	167.88	169.18	164.65	158.15	[illegible]	[illegible]	[illegible]	[illegible]
35	Hire Purchase (5)	108.04	−3.3	—	5.85	—	—	110.10	114.97	114.97	114.04	103.51	[illegible]	[illegible]	[illegible]	[illegible]
36	Insurance (Life) (9)	111.89	−2.1	—	6.40	—	—	113.96	115.00	117.60	117.20	110.08	[illegible]	[illegible]	[illegible]	[illegible]
37	Insurance (Composite) (7)	108.50	−1.5	—	9.85	—	—	107.05	108.06	109.06	109.08	110.02	[illegible]	[illegible]	[illegible]	[illegible]
38	Insurance Brokers (8)	266.09	−2.6	8.91	4.16	16.67	16.67	273.28	276.90	274.75	272.65	194.46	[illegible]	[illegible]	[illegible]	[illegible]
39	Merchant Banks (16)	78.50	−2.5	—	7.47	—	—	80.54	81.53	81.48	81.76	84.92	[illegible]	[illegible]	[illegible]	[illegible]
40	Property (32)	155.37	−1.6	3.39	3.25	62.54	53.30	157.89	159.02	159.09	160.11	122.68	[illegible]	[illegible]	[illegible]	55.29 (17/12/74)
41	Miscellaneous (6)	80.62	−1.0	16.22	6.97	9.66	9.66	81.44	82.16	82.29	81.66	59.42	[illegible]	[illegible]	[illegible]	[illegible]
42	Investment Trusts (50)	166.33	−0.8	—	3.07	4.36	33.91	169.71	169.89	169.81	170.03	171.54	[illegible]	[illegible]	[illegible]	71.05 (13/12/74)
43	ALL-SHARE INDEX (650)	167.31	−1.3	—	5.40	—	—	169.59	170.60	170.48	170.75	142.23	172.64	160.52	228.18	61.92 (13/12/74)

COMMODITY GROUPS (Not included in 500 or All-Share indices)

	Group	Index No.	Day's Change %	Est. Earnings Yield %	Gross Div. Yield %	Est. P/E (net)	Est. P/E (nil)	Wed. May 12	Tues. May 11	Mon. May 10	Fri. May 7	Year ago	1976 High	1976 Low	Since Compilation High	Since Compilation Low
44	Rubbers (9)	511.69	−1.4	11.64	6.61	12.94	12.77	518.98	522.36	523.22	523.40	511.35	523.40	404.67	535.37	84.68
45	Teas (5)	139.26	−0.1	30.25	8.51	4.48	4.33	139.06	138.23	138.22	138.82	86.50	[illegible]	[illegible]	[illegible]	59.72
46	Coppers (3)	247.45	+1.2	39.94	6.94	2.30	2.50	244.43	244.63	244.06	245.63	148.62	[illegible]	[illegible]	[illegible]	94.08
47	Mining Finance (11)	116.82	−0.8	8.94	4.30	12.94	12.45	117.75	117.71	118.71	116.54	114.04	[illegible]	[illegible]	[illegible]	66.31
48	Tins (5)	111.71	−0.7	10.95	7.90	15.42	12.72	112.52	115.38	115.14	115.35	105.76	[illegible]	[illegible]	[illegible]	54.83
49	Overseas Traders (13)	247.51	−1.8	15.40	4.17	9.71	9.70	250.08	251.02	250.99	251.69	239.30	[illegible]	[illegible]	[illegible]	97.37

FIXED INTEREST

		Thursday May 13 Index No.	†	Wed. May 12	Tuesday May 11	Monday May 10	Friday May 7	Thurs. May 6	Wed. May 5	Tuesday May 4	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	13.62	13.52	13.52	13.60	13.59	13.68	13.49	13.86	15.18				
2	20-yr. Govt. Stocks (6)	50.95	12.79	51.03	51.19	50.87	50.89	50.82	50.17	49.84	46.98	55.45	47.56	115.42	38.27
3	20-yr. Red. Deb. & Loans (15)	51.10	14.41	51.55	51.23	51.13	51.06	50.92	50.95	50.95	45.22	51.60	46.68	115.43	37.01
4	Investment Trust Prefs. (15)	49.59	15.30	50.15	50.20	49.29	48.62	48.81	48.48	45.46	41.25	51.25	46.80	114.41	34.45
5	Coml. and Indl. Prefs. (20)	68.08	14.03	68.64	68.21	67.94	67.67	66.72	65.57	65.87	57.95	71.97	62.76	114.85	47.67

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	[illegible]	Food Manufacturing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Wines and Spirits	16/1/70	144.75	Mining Finance	29/12/67	100.00
Toys and Games	16/1/70	135.72	All Other	10/4/62	100.00
Office Equipment	16/1/70	162.74			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			

† Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer. A list of the constituents of the FT-Actuaries Share Indices is obtainable from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p. CONSTITUENT CHANGE: Edward Bates (Merchant Banks) has been suspended; replaced by Intereuropean Property (Property).

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
BP	£1	11	660	−8	678	375
Shell Transport	25p	11	436	+4	444	378
Bats	25p	10	385	−3	410	342
Selection Trust 'New'	Nil, pd.	10	54*	−6	92*	54*
Burmah Oil	£1	9	38	−2	53	31
ICI	£1	9	387	−6	411	334
Marks & Spencer	25p	9	96	—	108	88
Bowring (C. T.) 'New'	Nil/pd.	8	13½*	−1	17*	8*
GEC	25p	8	139	−4	168	142
Glynwed 'New'	Nil/pd.	8	20½*	−1½	26½*	20½*
GKN	£1	8	323	−5	360	266
Nat. Westminster	£1	8	233	−5	290	228
RTZ	25p	8	228	−3	239	178
Royal Insurance	25p	8	306	−6	332	300
EMI	50p	7	250	−4	277	223

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 14	May 24	Aug. 5	Aug. 17
May 25	Jun. 8	Aug. 19	Sep. 1
Jun. 9	Jun. 21	Sep. 2	Sep. 14

"Calls" were dealt in Barclays Bank, Hawthorn Leslie, Wingate, Burmah Oil, "Gussies" "A," English Property and A. B. Electronics, while "doubles" were arranged in EMI, Wingate, Burmah Oil, General Electric and ICL.

[illegible]

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (70)

COMMONWEALTH & AFRICAN LOANS (1)
Aust. 5½pc. '77-80

LOANS (Miscel.) (1)
Alcan 10½pc. '89-94

AMERICANS (19)
Bethlehem Steel, Fluor Corp.
Brunswick Corp., I.B.M. Corp.
Burroughs Corp., Merck
Carborundum, Richardson-Merrill
Caterpillar, Shell Oil
Citicorp, Sperry Rand
Cont. Illinois, TRW Inc.
Cont. Oil, U.S. Steel
Crown Zellerbach, UOP
Exxon

CANADIANS (11)
Bell Canada, Inco
Bow Valley, Inland Nat. Gas
Canadian Pacific, Pacific Petroleum
Hollinger, Royal Bank of Can.
Hudson's B. Oil Gas, Trans. Can. Pipe
Imperial Oil

BUILDINGS (3)
Clark and Fenn, Lawrence (W.)
Jennings (A. V.)

ELECTRICALS (2)
Muirhead, Wigfall (H.)

ENGINEERING (2)
Hall Eng., Wadkin

INDUSTRIALS (12)
British Vita, Richardson Smith
B.H. Prop., Schlumberger
Cole (R. H.), Scot. Heritable
Dunbee-Comb.-Marx, Staffs. Potts.
Elbar Inds., Unerman
Prestige, Unilever

INSURANCE (1)
Travelers

PAPER (1)
Ogilvy & Mather

[illegible]

Yarrow

Booth (Int.)

Argo Inv.
G.T. Japan
Kingside [illegible]

Gadek Malaysia

A. M. & S.
Bougainville
Metals Ex.
M.I.M. Hldgs.
Peko-Wallsend

NEW LOWS (61)

Bates (E.)
Gibbs (A.)
Keyser Ullmann

Armitage Shanks
Fed. Land & Bldg.
Gough Cooper
Higgs & Hill

Croda Intl.

Howard & Wyndham

Executex

Decca 'A'

Hall (Matthew)
R.C.F. Hldgs.
Peek Hldgs.

Lyons (J.)
Mount Charlotte

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	6	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	7	3	[illegible]
Industrials	150	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	247	[illegible]	[illegible]

BASE LENDING RATES

Allied Irish Banks Ltd. [illegible]
American Express Bank [illegible]
Anglo-Portuguese Bank [illegible]
Henry Ansbacher [illegible]
Banco de Bilbao [illegible]
Banco de Jerez [illegible]
Bank of Cyprus [illegible]
Bank of N.S.W. [illegible]
Banque du Rhone S.A. [illegible]
Barclays Bank [illegible]
Barnett, Christie Ltd. [illegible]
Bremar Holdings Ltd. [illegible]
Brit. Bank of Mid. East [illegible]
■ Brown Shipley [illegible]
Canada Permanent AFI [illegible]
Cayzer, Bowater Co. Ltd. [illegible]
Cedar Holdings [illegible]
■ Charterhouse Japhet [illegible]
C. E. Coates [illegible]
Consolidated Credits [illegible]
Co-operative Bank [illegible]
Corinthian Securities [illegible]
Credit Lyonnais [illegible]
G. R. Dawes [illegible]
Duhoff Brothers [illegible]
Duncan Lawrie [illegible]
English Transcont. [illegible]
First London Secs. [illegible]
■ Antony Gibbs [illegible]
Goode Durrant Trust [illegible]
Greyhound Guaranty [illegible]
Grindlays Bank [illegible]
■ Guinness Mahon [illegible]
■ Hambros Bank [illegible]
Hewitt & Partners [illegible]
■ Hill Samuel [illegible]
C. Hoare & Co. [illegible]
Julian S. Hodge [illegible]
Hongkong & Shanghai [illegible]
Industrial Bank of Scot. [illegible]
Keyser Ullmann [illegible]
Knowsley & Co. Ltd. [illegible]
Lloyds Bank [illegible]
London & European [illegible]
London Mercantile [illegible]
Midland Bank [illegible]
■ Samuel Montagu [illegible]
■ Morgan Grenfell [illegible]
National Westminster [illegible]
Northern Comm. Trust [illegible]
Norwich General Trust [illegible]
Portman Guaranty [illegible]
P. S. Refson & Co. [illegible]
Rossminster Accept's [illegible]
Schlesinger Limited [illegible]
E. S. Schwab [illegible]
Security Trust Co. Ltd. [illegible]
Shenley Trust [illegible]
Standard Chartered [illegible]
Trade Development Bk. [illegible]
Twentieth Century Bk. [illegible]
United Bank of Kuwait [illegible]
Whiteaway Laidlaw [illegible]
Williams & Glyn's [illegible]
Yorkshire Bank [illegible]

■ Members of the Accepting Houses Committee.
* 7-day deposits on sums of £10,000 and under [illegible]
† 7-day deposits over £1,000 [illegible]
‡ Demand deposits [illegible]
‡ Call deposits over £1,000 [illegible]

CORAL INDEX
Close 406-411

I.G. INDEX—01-351 3466
GOLD 126½-128½

INSURANCE BASE RATES

† Atlantic Assurance ... 10[illegible]
Cannon Assurance ... [illegible]
† Address shown under Insurance and Property Bond table.

MONEY MARKET

Large assistance

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a large amount of Treasury bills and Corporation bills from the discount houses. Banks carried forward run-down balances, the authorities held maturing local authority bills, settlement was made of official gilt-edged sales and there was a net take-up of Treasury bills to finance. On the other hand, Government disbursements exceeded revenue payments to the Exchequer, and there was a fall in the note circulation.

Discount houses paid 10-10¼ per cent. for secured call loans at the start, and closing balances were taken at 9¾-10 per cent.

In the interbank market overnight loans opened at 9¾-10 per cent. and eased to 9½ per cent., before increasing to 10½ per cent. towards the close; and touching 12 per cent. in places.

Short-term fixed period interest rates recorded mixed changes, but the discount houses buying rates for three-month Treasury bills eased slightly to around 9⅝ per cent.

Rates in the table below are nominal in some cases.

May 13 1976	Sterling Certificates of deposit	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills ⊕	Bank Bills ⊕	Fine trade Bills ⊕
Overnight	—	9½-12	—	—	—	10⅛	9½-10¼	—	—	—
2 days notice	—	—	9⅞	—	—	—	—	—	—	—
7 days or 7 days notice	—	9⅝-10⅛	9⅞-10	—	—	—	9¾-10	—	—	—
One month	9⅞-9⅝	9⅞-10	9⅞-10	10¼-9¾	10⅛-10¼	—	9⅞-9⅝	9⅞-9⅝	9⅞	10¼-10⅜
Two months	10-9⅞	9⅞-10⅛	—	10¼-9¾	10¼-11	—	9⅞-9⅝	9⅞	9⅞	10⅜-10½
Three months	10-9⅞	9⅞-10⅛	10	10¼-9¾	10¼-11	—	9⅞-9⅝	9⅞	9⅞	10⅜-10⅝
Six months	10-9⅞	9⅞-10⅛	10⅛-10¼	10-9½	10¼-11	—	—	—	9¾-9⅞	11
Nine months	10-10⅛	10-10⅛	—	10⅛-10	10⅜-11	—	—	—	—	—
One year	10⅛-10⅜	10⅛-10⅜	10⅛-10⅞	10⅛-10	10⅞-11⅛	—	—	—	—	—
Two years	—	—	11⅛-11⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 12¼-12½ per cent.; four years 12½-13 per cent.; five years 13½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper; buying rates for four-month bank bills 9¾ per cent.; and four-month trade bills 11-10½ per cent. Approximate selling rate for one-month Treasury bills 9[illegible] per cent.; two-month 9[illegible] per cent.; and three-month 9[illegible] per cent. Approximate selling rate for one-month bank bills 9[illegible] per cent.; two-month 9[illegible] per cent.; and three-month 9[illegible] per cent.; for one-month trade bills 10½ per cent.; two-month 10½-10¾ per cent.; and three-month 10[illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 9 per cent. from April 1, 1976. Clearing Bank Deposit Rate for small sums at seven days' notice 5½ per cent. Clearing Bank Base Rate for lending 9½ per cent. Treasury Bill Average tender rate of discount 9.9291 per cent.

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

REGIONAL MARKETS

...selection of the share prices previously shown under regional headings is ...ented below with quotations on London. Irish issues, most of which are not ...ially listed in London, are shown separately and with prices as on the Irish ...ange.

			Craig Ship. £1	315	-5	Shiloh Spinn	24½	......
			Hallam Sleigh 10p	8	......	Sindall (Wm.)	53	......
...ny Inv. 20p	19	......	Higsons Brew.	97	......	**IRISH**		
...Spinning	34	......	I.O.M. Stm. £1	135	......			
...am	26½	-1	Holt (Jos.) 25p	225	......	Alliance Gas (£1)	55	......
...ter Est. 50p	143	-2	Kleen-e-Ze	22½	......	Carroll (P. D.)	115	......
...er Croft	38	......	Lovell's Ship £1	88	......	Clondalkin	46	......
...g & Rose £1	327	......	N'thn. Goldsmith	89	......	Concrete Prods.	95	......
...on (R.A.)	16	......	P.M.A.	42	......	Goodbody (£1)	25	......
...s & McHdy.	69	......	Pearce (C. H.)	80	......	Heiton (Hldgs.)	28	+1
...ne Fr'k. 10p	23	......	Peel Mills	16	......	Irish Distillers	58	......
...red	18½	......	RobbCaledon5b	47	+3	Irish Wire	88	......
...Forge	45xd	......	Sayers 12½p	15	......	Jacob	68	-3
...sy Pkg. 5p	16½	......	Sheffield Brick	87	......	Sunbeam	10	-3½
...& Reed 50p	152	......	Sheff. Refrshmt.	140	......	Unidare	72	......

...OOD PRICE MOVEMENTS

	May 13	Week ago	Month ago
...CON	£	£	£
Danish A.1 per ton†	960	960	960
British A.1 per ton†	920	910	910
Irish Special per ton†	910	910	910
Polish A.1 per ton†	—	—	—
Ulster A.1 per ton§	910	910	880
...TTER (packet)			
NZ per 20 lbs†	9.20- 9.26	9.20- 9.26	8.63- 8.89
English per cwt†	51.83	47.30-51.83	47.39-49.73
Danish salted per cwt†	53.39-54.82	53.83-55.83	51.3- 53.23
...EESE¶			
English cheddar white rindless per tonne	—	—	—
NZ per tonne	872.5	896.5	896.5
...GS*			
Home-prod. Standard	3.00- 3.20	3.25- 3.50	3.35- 3.60
Large	3.30- 3.60	3.45- 3.70	3.45- 3.70
	May 13 per pound	Week ago per pound	Month ago per pound
...EF	p p	p p	p p
Scottish killed sides (ex KKCF)	40.0—43.0	40.0—43.0	39.0—42.0
Eire forequarters	28.0—30.0	29.0—32.0	30.0—31.0
Argentine chilled rumps	—	—	—
...MB			
English	40.0—44.0	50.0—54.0	50.0—53.0
NZ PLs-PMs	36.0—39.5	32.0—38.5	33.0—36.5
...RK (all weights)	26.0—38.5	26.0—38.0	28.5—38.5
...TTON			
English ewes	14.0—20.0	15.0—20.0	—
...ULTRY			
Broiler chickens	24.0—27.0	24.0—26.3	24.5—26.3

* London Egg Exchange price per 120 eggs. † Delivered. ...r delivery May 15-22.

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	1976 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99½	92	Treasury 6½pc 1976‡‡	99	......	6.56	9.91
98⅝	98⅝	Victory 4pc 1976‡‡	98⅝	......	4.04	—
101	100	Treasury 10½pc 1976‡‡	100 xd		10.46	9.83
98	95	Treasury 6¼pc 1977‡‡	97	......	6.43	9.84
97⅛	94½	Electric 3pc 74-77	95¼	......	3.13	8.34
103	92	Treasury 11½pc 77‡‡	101⅝	−	11.32	10.12
94	91⅞	Treasury 3pc 77‡‡	94 xd	−	3.18	7.10
94	92¼	Transport 4pc 72-77	94	−⅛	4.25	8.04
99	90½	Treasury 5pc 1978‡‡	97¼	−	9.21	10.34
101½	98	Treasury 10½pc 78‡‡	100	−⅛	10.48	10.38
93⅛	89⅝	Exchequer 5pc 76-78‡‡	92⅝	−⅛	5.40	8.47
103	100¼	Treasury 11½pc 79‡‡	101	−	11.28	10.66
88⅛	83⅝	Treasury 3pc 79‡‡	87¼	−¼	3.42	7.18
89⅝	73⅞	Electric 4¼pc 74-79	88¼	−¼	4.79	8.12
100	96	Treasury 10½pc 79‡‡	99	−¼	10.61	10.83
88⅛	83⅝	Electric 3½pc 76-79	87½ xd	−¼	4.00	7.62
96	91	Treasury 9pc 1980‡‡	94⅞	−	9.49	10.65
96½	92	Treasury 9½pc 80‡‡	95 xd	−¼	9.95	10.93
86	82¼	Treasury 3½pc 77-80	84¼ xd	−⅛	4.13	7.95
88½	71	Funding 5¼pc 78-80‡‡	88¼ xd	−¼	5.95	8.74
103	98	Treasury 11½pc 1981	101¼	−¼	11.30	10.98
86	80¼	Treasury 3½pc 1979-81	81	−⅛	4.29	8.27
95⅝	92	Treasury 9¾pc 1981‡‡●	95	−	10.21	10.95
		Five to Fifteen Years				
94⅛	86⅛	Treasury 8½pc '80-82‡‡	93⅛	−¼	9.34	10.65
107⅞	99½	Treasury 12pc 1983‡‡	103¾	−¼	11.78	11.59
81⅛	73¾	Funding 5½pc '82-84‡‡	80⅞	−⅛	6.96	9.38
87⅝	79⅜	Treasury 8½pc '84-86‡‡	87⅜	−⅛	10.06	11.08
74⅞	68⅝	Funding 6½pc '85-87‡‡	71⅛	−⅛	9.14	11.11
77⅞	71	Treasury 7¾pc '85-88‡‡	77⅜	−⅛	10.32	11.70
51¼	45⅝	Transport 3pc '78-88	49⅞	−⅛	6.15	10.60
59¾	53½	Treasury 5pc '86-89	56	−⅛	8.99	11.60
103¾	96	Treasury 13pc 1990‡‡	103¾	−¼	13.13	13.14
75⅞	68¾	Treasury 8¼pc '87-90‡‡	71⅜ xd	−⅛	11.44	12.52
60	53⅞	Funding 5¾pc '87-91‡‡	56⅞	−⅛	10.31	12.29
		Over Fifteen Years				
99⅝	87⅝	Treasury 12¾pc '92‡‡	99½	−¼	13.34	13.39
97⅞	85¾	Treasury 12½pc '93‡‡	97½	−¼	13.39	13.49
96⅞	91½	Treas. 12½pc '93 'A'●‡‡	96½	−¼	13.39	13.58
58	50⅝	Funding 6pc 1993‡‡	54¼	−⅛	11.26	12.73
75⅝	66⅛	Treasury 9pc '94‡‡	71 xd	......	12.66	13.21
36½	32⅛	Gas 3pc '90-95	34	−⅛	8.85	11.80
100	87⅞	Treasury 12¾pc '95‡‡	94½ xd	−¼	13.49	13.54
75⅝	66⅛	Treasury 9pc '92-96‡‡	71⅛	......	12.87	13.34
35½	31	Redemption 3pc 1986-96	33⅝	−⅛	9.02	11.61
101⅞	88	Treasury 13¼pc '97‡‡	101½	−¼	13.60	13.61
103½	89¼	Do. 13¼pc '97 'A'‡‡	103⅛	−¼	13.62	13.62
69⅞	64⅛	Treasury 8¾pc 1997‡‡	69¼	......	12.97	13.38
57⅝	50½	Treasury 6¾pc '95-98‡‡	54	......	12.55	13.27
75½	65½	Treasury 9½pc 1999‡‡	75⅛	......	13.15	13.41
31½	27¼	Funding 3½pc '99-04	30⅞	−⅛	11.78	12.73
65	56¼	Treasury 8pc '02-06‡‡	61½	......	13.27	13.43
46⅛	39⅝	Treasury 5½pc '08-12‡‡	43	......	13.09	13.24
60¼	52¼	Treasury 7¾pc '12-15‡‡	60½	......	13.40	13.46

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 58% (based on $1.8275 per £)

Conversion factor 0.6321 (0.6318)

CANADIANS

[illegible]

S.E. List Premium 58% (based on $1.7985 per £)

††BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1976 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
	18	Ingall Inds. 10p	22	......	g1.57	1.7	11.0	8.7
	57½	Initial Services	63½	−½	†3.37	2.2	8.2	8.6
	11¼	Inter-City 20p	12½	+½	†0.4	3.1	4.9	9.4
	110	Int. Computers £1	144	−3	0.65	32.9	0.7	6.0
	25	James (John)	26	......	†d2.12	1.3	12.6	8.1
	25	James (M) 10p	26	......	d2.41	1.1	14.3	9.6
	336	J'rdine M. HK$5	387xd	−3	Q63c	ϕ	1.7	ϕ
	8¼	Jentique 5p	8¾	−¼	†0.49	2.4	8.7	7.5
	13	Johns'n & B. 12½p	14	......	hd0.78	1.4	9.6	(8.9)
	32	Johnson Clars	34½	......	2.32	2.3	10.3	6.5
	325	Johnson Mth. £1	383	−2	10.23	4.5	4.1	8.3
	23	JuddgeInt.	23	−1	1.85	1.7	12.3	7.3
	19	Kalamazoo 10p	22½	......	1.57	1.4	10.8	10.2
	45	Kelsey Ind. 12½p	46	......	2.63	3.5	8.8	5.0
	14	Kennedy Sm. 10p	15	......	1.38	1.9	14.2	5.8
	525	Kershaw (A.) 5p	638	−22	12.81	0.6	3.1	[illegible]
	182	Kleeman	183	......	4.16	5.6	3.5	7.8
	27	Kode Int.	44xd	......	1.35	3.3	4.7	10.1
	61	L.C.P. Hlds.	75	......	t3.9	2.4	8.2	10.8
	22	L.K. Ind. Inv.	26	......	2.14	ϕ	13.2	ϕ
	41	L.R.C. Int. 10p	43	......	†2.0	1.1	7.2	19.3
	69	Lamson Inds.	86	......	2.5	2.2	4.5	15.9
	20	Lawtex	20	......	‡2.58	2.0	‡	—
	118	Lead Inds. 50p	150xd	−1	5.09	ϕ	5.2	ϕ
	55	Leadenhall Stg.	60	......	3.32	ϕ	8.7	ϕ
	42	Le Bas (Ed)	62xd	......	1.48	13.3	3.7	3.1
	39	Leboff Fobel 10p	41	+1	11.48	4.2	5.6	11.7
	42	Lebus Harris	52	+1	2.93	3.2	8.7	4.0

††INSURANCE

1976 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
*86	71	Bowring (C. T.)	77	−3	t2.64	2.6	5.3	12.8
107	82	Brentnall Bd. 10p	102	−1	t3.43	2.7	5.2	13.5
156	130	Britannic 5p	130	......	7.47	—	8.8	—
950	720	Comb. Ins. Am. $1	805	......	tQ66c	—	4.2	—
158	126½	Comm. Union	128	−1	6.77	—	8.1	—
144	119	Eagle Star	126	−1	4.99	—	6.2	—
£128½	£122	Emma GK 9% Cnv.	£124	−1	Q9%	—	F7.5	—
184	166	Equity & Law 5p	166	−2	5.44	—	5.2	—
190	156	Gen. Accident	166xd	−5	5.81	—	5.4	—
225	195	Guardian Royal	200	−1	8.27	—	6.4	—
*414	264	Heath (C.E.) 20p	402xr	−8	t13.0	ϕ	5.0	ϕ
178	143	Hogg Robinson	173	−4	†h3.23	3.7	2.9	14.3
175	126	Howden (A.) 10p	168	−5	2.47	4.8	2.3	12.7
148	125	Legal & Gen. 5p	125	−3	4.65	—	5.7	—
139	94	Les. & Gdwn. 10p	134	−1	3.69	2.5	4.3	14.3
140	108	Lon. & Man. 5p	108	−2	4.64	—	6.6	—
64	52	London United 5p	63	−1	3.42	1.8	2.0	10.7
226	154	Matthew Wr. 20p	213	−7	8.04	2.8	6.0	13.2
140	100	Minet Hldgs. 20p	132	−4	3.39	2.3	4.0	16.6
250	206	Pearl 5p	206	−4	10.24	—	7.6	—
240	204	Phoenix	216	−2	8.42	—	6.1	—
148	133	Provident "A"	137	......	6.65	—	7.5	—
148	133	Do. "B"	137	......	6.65	—	7.5	—
146	125	Prudential 5p	125	−3	5.41	—	6.7	—
130	112	Refuge 5p	112	......	6.83	—	9.4	—
352	300	Royal	306	−6	13.39	1.2	6.7	19.2
282	238	Sedg Forbes 10p	273	−5	7.81	1.7	4.4	19.9

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
710	350	Blyvoor 25c	520	−10	tQ108c	1.3	‡
£24	785	Buffels R1	£10½	......	Q180c	1.4	10.2
198	95	Deelkraal R0.20	154	−1	—	—	—
760	330	Doornfontein R1	420	......	tQ110c	1.4	‡
965	640	East Drie R1	835	−5	Q75c	1.7	5.3
280	160	Elandsr'd Gld Mng 20c	215	+5	—	—	—
190	115	Elsburg R1	140	−5	Q33.9c	1.0	14.3
£16½	£11¼	Hartebeest R1	£14¾	+⅛	Q215c	1.4	8.6
695	430	Kloof Gold R1	525	−5	Q55c	1.4	6.2
760	400	Libanon R1	470	......	tQ110c	1.9	‡
740	335	Southvaal 50c	590	......	Q9c	1.3	0.8
245	140	Stilfontein 50c	205	−10	Q36c	2.2	7.5
£20½	£10¾	Vaal Reefs 50c	£15⅝	+⅛	Q175c	2.1	6.7
420	190	Venterspost R1	215	−11	tQ70c	1.9	‡
£35	£19¼	W. Drie R1	£24¼	......	tQ485c	1.2	‡
315	165	W'st'rn Areas R1	235	−5	Q52c	1.4	13.1
£15¼	10½	Western Deep R2	10½	−¼	Q147½c	1.6	0.0
290	190	Zandpan R1	258	−4	Q35½c	1.0	8.5

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	75	Fr. State Dev. 50c	130	......	Q14c	1.6	6.4
£22½	£12	F.S. Geduld 50c	£15¼	+⅛	tQ330c	1.3	‡
200	57	F.S. Saaiplaas R1	195	+5	Z6c	○	1.3
465	295	Harmony 50c	410	......	Q65c	ϕ	9.4
195	70	Loraine R1	124	−2	Q6c	0.5	2.9
£18½	950	Pres. Brand 50c	£14	......	tQ250c	1.3	‡
£13	700	Pres. Steyn 50c	840	+10	tQ125c	2.2	‡
£23	£12	St. Helena R1	£16	+⅛	tQ250c	1.3	‡
174	86	Unisel	132	+2	—	—	—
330	220	Welkom 50c	290	−10	tQ55c	1.7	‡
£25½	£14	W. Holdings 50c	£18¼	+½	tQ475c	1.2	‡

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
10	6	Burma Mine 17½p	9	......	0.1	ϕ	1.8
39½	23	Charterhall 5p	27½	−1	—	—	—
965	580	Cons. Murch. 10c	900	−10	Q80c	1.8	5.3
50	28	Laurasia	47	+1	—	—	—
455	245	Northgate C$1	385	+5	Q25c	0.3	3.4
259	178	R.T.Z.	226xd	−5	5.42	2.1	3.7
112	85	Sabina Inds. C$1	92	......	—	—	—
£13⅜	£10	Tara Exptn. $1	£13⅜	+⅛	—	—	—
132	88	Yukon Cons. C$1	132	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Based on 1975 profits.
- : Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ✦ Regional price.
- ll No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xe ex capital distribution.

"Recent Issues" and "Rights" Page 27

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security.

FINANCIAL TIMES

Friday May 14 1976

£1.6bn. N. Sea gas network planned

BY RAY DAFTER AND KEVIN DONE

A £1.6 BILLION network of gas pipelines from many North Sea oilfields is recommended in a report published by the Government.

The scheme, which is to be investigated by the Department of Energy and the gas and oil industries, suggests four main feeder pipelines. They include those already being built for Shell/Esso's Brent Field and the Anglo/Norwegian Frigg find. Gas from as many as 30 fields and un-named discoveries could be piped into this system, it is argued.

Although the report and its findings are tentative at present, Mr. Anthony Wedgwood Benn, Energy Secretary, commented yesterday that the results of the study were "encouraging." They would be followed by more detailed feasibility and design studies.

The potential cost of the scheme is put at £1.59bn., but Mr. Wedgwood Benn pointed out that the analysis omitted significant elements of costs, and the system was likely to be appreciably more expensive.

Users would have to compensate Shell/Esso for the Brent system, and the Total group for the Frigg facilities, for instance.

Dr. Dickson Mabon, the Minister of State for Energy, said yesterday that the suggested costs were conservative and an under-estimate.

But he stressed that it would be "profligate" of the Government to ignore the great deal of gas in the northern basin of the North Sea. The report would be invaluable in considering applications to flare associated gas.

"On the basis of confidential data for all discovered fields the report suggests that over and above the gas from Brent and Frigg it could reach a peak of 1.5bn. cubic feet a day.

"This is not far short of half of what we now get from the southern basin which supplies 97 per cent. of all our present gas consumption."

Williams-Merz, the Newcastle consulting engineer group which carried out the study, says that from the same fields up to 9m. tons a year of the heavier gases—ethan, butane and propane—could be obtained.

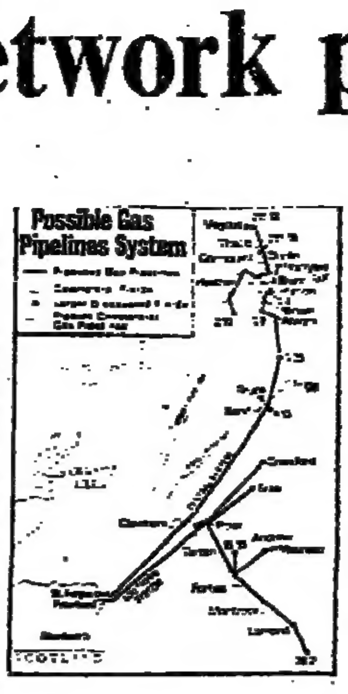
"This could provide the basis for a major indigenous petrochemical industry," said Dr. Mabon.

Williams-Merz considers that it is technically possible to bring ashore gas equivalent to about 12m. tons of oil a year. The cost figures suggest that it is also economically possible, said Dr. Mabon.

"Instead of flaring off the associated gas not needed for energy purposes on production platforms and sending its energy up in smoke, it appears that much could be brought ashore profitably."

The Department of Energy is inviting comments from interested parties by the end of July. Dr. Mabon said the Government would like ot get ahead with the project "as soon as possible" and would like to see it ready by 1981-82, if the further studies confirmed the feasibility.

How the gathering system would be financed is not known. "It will be a mixed cocktail," said Dr. Mabon. The



British National Oil Corporation and British Gas must be involved, along with the oil companies who would be putting in the main supply, the pipeline operators, and the banks and other institutions.

The total length of the system would be 800 miles, of which 550 miles would require pipes of 24-inch diameter or above. The British Steel Corporation is "actively and seriously" considering what capital expenditure would be required to get it into this field, said Dr. Mabon.

At present BSC lacks the capacity for building large diameter pipelines for the North Sea to the rigorous standards needed by the oil industry. Most have been made in Japan and other West European countries.

British Gas welcomed the proposals, which it said represented an important "first step" towards a viable system of collecting gas from smaller fields and also associated gas in oil fields which might otherwise be flared and wasted in the production of oil.

The corporation sees in the tentative plans not only the prospect of increased supplies but an assurance of gast output over a longer period.

Its supply policies are based on the judicious exploitation of North Sea reserves in order to maintain natural gas sales into the next century.

IMF team will look at British money supply

BY SAMUEL BRITTAN

THE RAPID rise in the narrowly defined British money supply is likely to be among the topics reviewed by an International Monetary Fund delegation, due in London on Monday. The IMF team, led by Mr. C. D. Finch, will be coming for normal annual consultations with the Government under article 8 of the fund charter.

In the three months to the middle of March the money supply, measured on the M1 definition, which excludes deposit accounts, rose at an annual rate of 17 per cent. There are fears that hte April figures, due on Monday, will not relieve anxieties aroused by the trend of this indicator.

The more broadly defined money supply, known as M3, is believed to be more or less on target, despite month-to-month distortions. The Government's aim here is now known to be a growth rate of 12 or 13 per cent.

Experience during Lord Barber's period oat the Treasury suggested that, as the monetary series were liable to distortion, it was necessary to look at both measures of the money supply.

M1, the more narrowly based indicator, has indeed often given earlier warning of inflationary trends than the more widely used M3.

It is possible to make cosmetic changes in the figures to improve the appearance of one or other of the monetary indicators. The real question for the future is whether the Government would be prepared to see interest rates rise by an amount sufficient to finance the present borrowing requirement in the face of an upsurge in economic activity greater than forecast in the Budget.

Another item of contention with the IMF could well be the interpretation of Mr. Healey's promise to the fund that this year's public-sector borrowing requirement would be, at worst, no higher than the one before 1976-77. This has been interpreted by the Chancellor as the £12bn. estimate he gave in his letter of application of December 18. In fact the outturn was more than £1bn. lower: and the estimate for this year appears therefore as an increase.

Although the recently announced U.K. drawing from the fund was unconditional, further major drawings would take the U.K. into the conditional area, where serious questions are likely to be asked. The April trade figures to be published to-day will be of special interest for the light they shed on whether such an application is likely to be required at an early date.

Bates share listing suspended at 20p

BY TERRY WILKINSON

EDWARD BATES and Sons (Holdings), the merchant banking concern in which Arab interests have a 25 per cent. equity stake and hold substantial deposits, requested the temporary suspension of its share price yesterday, pending clarification of the company's financial position.

This move followed a sharp fall in Bates' share price on Wednesday and a further fall yesterday morning, which left the shares, at their suspension price of 20p, some 14p lower on the week. The share price has been as high as 46p this year.

Last night Mr. David Keown-Boyd, chairman and chief executive of the group, which incurred a net loss of £15.2m. in 1974-75, said that the suspension gave the directors "an opportunity to do a tidying-up operation." But he denied strongly any allegations that the Arab interests were pulling out of the bank.

Developments following yesterday's suspension of share dealings are likely to be closely watched by the Bank of England. The group's banking subsidiary is an authorised bank and the Bank of England is inevitably concerned with the fortunes of all banks of this status. The fact that Bates is the first City of London merchant banking business in which Arab interests have taken a major stake is also a consideration bound to engage the Bank of England's full interest.

Watched

The Board of Edward Bates and Sons includes three Arab directors. The original member, Prince Abdullah Bin Musaid Bin Adbul Rahman, became a director when the First Arabian Corporation, an Arab consortium registered in Luxembourg, acquired a 25 per cent. stake in Bates for 37½p a share from Atlantic Assets in May of last year. At the time, the consortium was granted a three-year option by Atlantic Assets to purchase a further 15 per cent. holding at 55p a share. The Prince has recently been joined by Sheik Mohamad Al Badrawi and Egyptian Mr. Ahmed Khalifa, vice-president of First Arabian.

The group's net loss of £15.2m. in the year ended March 31, 1975, included a loss of £9.7m. on the sale of Welfare Insurance. However, in its first half-year to the end of September, the company returned a modest net profit of £154,000.

Happy

Mr. Keown-Boyd said at the time that the Arab shareholders were bringing in a great deal of business. "We are very happy with the arrangement." He declined to comment last night on the implications of the proposed "tidying-up operation," or on any changes in the bank's last balance-sheet, which was qualified by the company's auditors, Deloitte and Co.

It is thought that steps are being taken, however, to effect some change in the capital structure, which would allow the bank's Arab interests to have a larger say in the company's affairs.

Talks fail to end Telegraph strike

By Alan Pike, Labour Staff

TALKS which it had been hoped would lead to a settlement of the week long strike by Daily Telegraph journalists broke down last night.

The dispute prevented publication of the Daily Telegraph in London yesterday after electricians had refused to cross the journalists' picket lines.

The breakdown came after a second day of meetings at the London headquarters of the Advisory Conciliation and Arbitration Service. Progress had clearly been difficult, with management and NUJ representatives in separate rooms for much of the time.

Payment snag

ACAS said last night that it was "not possible" for the parties to reach agreement on the matters in dispute. The immediate cause of the breakdown centred round a demand by the NUJ that 46 Manchester journalists, whose suspension for refusing to work new duty rotas led to the strike, be paid for the period of their suspension.

ACAS officials remain prepared to intervene again. The failure will increase pressure on the NUJ emergency committee to call for action in support of the Daily Telegraph members from other Fleet Street offices when it meets to-day. Suggestions for token strikes in Fleet Street have met a mixed reception.

The only immediate prospect of settlement rests with a meeting of the TUC printing industries committee this afternoon.

Fathers of Fleet Street NUJ chapels discussed the Telegraph yesterday and decided to call for a £5-a-week contribution from all members to a proposed weekly support fund of £11,000.

● The national council of the National Graphical Association yesterday deferred a request from the NUJ for sympathetic action in view of to-day's meeting of the Printing Industries Committee. The Society of Graphical and Allied Trades executive may discuss a similar request to-day.

Redundancy move at Plessey

TWO HUNDRED night-shift workers in the machine shop at Plessey Telecommunications at Beeston, Notts., are threatened with redundancy. The management said that if enough volunteers came forward short-time could end for a further 1,100 employees who have been on a four-day week since October.

Mr. Brian Crossland, works convenor, has said that the unions would not accept enforced redundancies. Originally 3,000 were put on short time because of cuts in Post Office orders but the number has been reduced.

Devolution plans will not be given Commons trial

BY PETER HENNESSY, LOBBY CORRESPONDENT

THE GOVERNMENT has decided no to prepare a dummy devolution Bill during the present session of Parliament. Its original intention was to give its devolution proposals a trial run in the Commons before proceeding with a proper Bill next autumn.

Instead, a full statement on devolution will probably be made shortly after the Whitsun recess.

The autumn devolution Bill is almost certain to cover both Scotland and Wales. The Government is unlikely to concede Conservative demands that Scotland and Wales should be treated separately, with a Bill each.

The constitution unit in the Cabinet Office, charged with the task of unscrambling the present system of Government, is nowhere near ready to prepare a dummy Bill.

The vast job of co-ordinating a variety of other Government departments continues, but much remains to be done by the two ministerial and one official Cabinet committees.

Morale has improved in Whitehall, however, since the arrival of new ministers responsible for devolution since Mr. Callaghan became Prime Minister. The combination of Mr. Foot, as Lord President, and Mr. John Smith, a shrewd Scottish lawyer, as Minister of State at the Privy Council office, is recognised by officials as a powerful one.

Their talents are regarded as complementary—Mr. Foot as a salesman of devolution policy to the Labour rank and file and to the country at large, Mr. Smith as adept at handling the detailed matters which Mr. Foot finds irksome.

The constitution unit, headed by Mr. John Garlick, is expected to work flat out through the summer to complete the administrative details to give effect to Government proposals. The Bill is expected to allow wider powers to the Scottish assembly than those proposed in the devolution White Paper last November.

Significant concessions are likely to be made to Scottish feeling in the area of economic development and in the role of the Secretary of State for Scotland.

France buys Swedish, U.S. 'phone systems

BY ROBERT MAUTHNER

PARIS, May 13.

THE FRENCH Government tonight announced that, as part of its ambitious telephone expansion programme, it had chosen in the medium-term telephone exchange systems developed by Swedish and U.S.-owned companies, but that it would opt for a new generation of French-manufactured exchanges in the long term.

The outdated French telephone system will undergo a revolution. To-day, only one quarter of French people have a telephone, but this figure will rise, by the end of the seventh Plan in 1980, to as much as two-thirds of the population.

During the next five years, some Frs.104bn. (about £12bn.) will be spent on modernising the system and 8m. new main lines will be installed, 1m. more than exist now in the telephone's centenary year.

The choice of the AXE and Metaconta computer-controlled space-division switching systems, developed respectively by the Swedish company Ericsson's French subsidiary and ITT's French subsidiary, Le Matériel Téléphonique (LMT), does not, however, mean a sell-out to foreign companies. The complicated deal worked out by the French Government with these companies provides for the purchase of majority stakes by the French electrical group Thomson-Brandt in both these subsidiaries.

Under terms already worked out in principle between the companies, which were conditional only on the Government's choice of exchange systems, Thomson will pay $160m. (about £90m.) for ITT's 68 per cent. stake in LMT and has promised to make a similar offer to minority shareholders.

Under the deal between Thomson and Ericsson, full financial details of which are not yet known, the French company is expected to take a 51 per cent. majority holding in Ericsson France, by acquiring 16 per cent. from the Swedish parent company, another 17 per cent. from the French Compagnie Générale d'Electricité (CGE) and the remaining 18 per cent. by open market buying on the Paris Bourse.

The AXE and Metaconta systems have been chosen only for a transitional period, he pointed out. France's long-term telecommunications policy will give priority to the new time-division digital system developed by CGE's subsidiary CIT-Alcatel, whose EIO digital exchanges are already operational.

By the end of 1977, the number of lines connected to digital exchanges will have risen to 800,000 from only 100,000 to-day and, by 1982, more than 5m. subscribers, about 25 per cent. of the total, will be linked to this system.

One interesting aspect of the operation is that Thomson and CIT-Alcatel will co-operate closely in marketing their products abroad, particularly the AXE system, through a joint subsidiary.

Oil companies warn Italy on deposits

BY ANTHONY ROBINSON

ROME, May 13.

PRIVATE oil companies operating in Italy have given a warning to the Italian Government that they are facing difficulties in finding huge funds needed to comply with the recently introduced 50 per cent. import deposit scheme.

They have asked for oil imports to be excluded from the measure under article four of the decree law which excludes wheat imports from the scheme and leaves open the possibility of exclusion for other products if necessary.

In a telegram to the Ministries of Foreign Trade and Industry to-day the Unione Petrolifera, the association representing private oil companies, asks for a rapid decision "so as to avoid possible dangerous consequences for the continuity of supplies."

Bank account

Private oil companies supply about 65 per cent. of Italy's petroleum products. The remainder is provided by the State-controlled ENI-AGIP group which is also finding difficulties in raising finance.

The Unione Petrolifera says that oil imports per quarter amount to about 21m. tonnes and cost about L1,700bn. (£1,040m.). This means oil companies have to find about L850bn. in order to comply with the 50 per cent. deposit to be placed in a three-month, non-interest-bearing account with the Bank of Italy.

As well as the high cost of funds at a time when the Italian prime rate is 18 per cent., industry sources report difficulty in raising necessary finance from Italian banks and from their parent companies, the oil multinationals such as Esso, Total, Chevron, Gulf and Fina.

This reluctance can be traced in part at least to the fact that oil companies claim to be operating at a loss in Italy because of the Government's pricing system. Heavy losses led to the decision by Shell and BP to sell their former Italian operations to the Italian groups ENI and Monti respectively.

Stewart Fleming writes from New York: A spokesman at two leading U.S. oil companies with important operating divisions in Italy firmly denied to-day that they were cutting supplies to Italy or that they had recently changed trading policies with that country.

THE LEX COLUMN

P & O hoping for the best

P & O's report confirms the cost of the Bovis acquisition. For shares with a current value of £22m., P & O bought a business which now has virtually no net assets and over £100m. of debt, and which has also resulted in the accounts being qualified. But the worst may be over—as the shares, which have rallied by a quarter in recent weeks, are already recognising.

Admittedly there is very little information about the basis of the latest Bovis provisions, and overall short term borrowings have now reached formidable proportions—bank and other short term loans totalled £224m. at the year end, and there was a further £143m. of longer term debt to set against shareholders' funds shown at £390m. However, P & O hopes that its borrowings can be contained this year. Capital spending will be less than half 1975's £186m., and although there are roughly £50m. of shipbuilding loans to be repaid, property and land sales of perhaps £50m., coupled with other disposals and operating cash flow, should just about cover the gap.

Although interest costs are continuing to rise the overall profit trend is now beginning to turn upwards. The passenger side, which lost £6.9m. before interest in the last 15-month period, is now in the black which will go a good way towards compensating for the continuing decline in bulk shipping. Last year's figures also carried an £8.7m. charge against Bovis development properties which, to judge by the sums realised by disposals so far this year, should also be non-recurring. Excluding the Bovis provision and ship disposal profits, annualised profits in 1975 amounted to just over £19m. and the hope would be that 1976 might do a little better than that, without any further favourable accounting changes.

But although the shares have trailed well behind Ocean's over the past year or so, a yield of around 7½ per cent. and a market capitalisation of over £150m. at 110p does not look especially out of line.

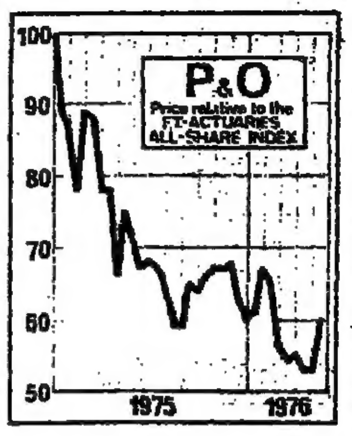
Shell

The convulsions in Shell's quarterly figures arising from the adoption of the U.S. accounting standard FASB No. 8 (on currency conversion) cannot disguise the strong uptrend. Although net income for January-March is only published as £284m. against a restated £268m. for the same quarter of 1975, the old accounting basis would have given a figure of around £360m. That compares with an average quarterly outturn on either basis of around £240m. during 1975.

A very large increase in Shell Oil's earnings in the U.S. has already been published, with a near doubling in sterling terms. Elsewhere the decline in demand for oil products has at last been halted, and reversed in markets like Japan, France and Germany. Utilisation of primary distillation capacity has increased over the past year from 65 to 71 per cent. outside the U.S., and secondary capacity is now being almost fully taken up. The turnround has been most dramatic in chemicals, where sales proceeds in sterling are up by over 50 per cent. world-wide on the first quarter last year (and by 74 per cent. in North America). Volume growth of 15 per cent. in natural gas outside North America has plainly also been very good for earnings.

For the year as a whole it is now possible to think in terms of net income of £1,400m. against £950m., or earnings of roughly 100p a share—the shares put on 4p to 436p yesterday. This is assuming that the distortions of FASB 8 iron themselves out over the year as a whole, as they did in 1975 although the individual quarters, as now restated, gyrated between £110m. and £319m. There is some confusion about how many other British companies will be sucked the same accounting trap. instance ICI is also regist with the SEC, but has ta the course this week of special U.S. figures. show basic net income of $123m. the first quarter, with a ri that adopting FASB 8 wo have reduced this by $20m.

Index fell 4.4 to 408.5



Royal Insurance

This year's targets for R Insurance have to be rev downwards following the n that storm damage cost £ more than might be "norma expected in the first qua period. Some £5½m. of arose in the U.K., where scale of the losses owes so thing to the fact that R does not reinsure its h owners lines. U.S. losses h also risen, mainly as a resu storms and sterling, and overall underwriting loss £15.9m. takes pre-tax pr down from £6.7m. to £3.8m.

However, Royal is continu to talk in terms of a mate improvement in the l months of the year, and that the underlying trend is significantly adrift from ori expectations. It is still poss to hope that 1975's £32.7m. tax will rise by three-quar or more this year. But a the next two quarters are of the way, a yield of 6 cent. at 306p—an eighth be the March high—is unlikely set pulses racing.

Philips' Lamps

Philips' Lamps continu recover from the flat dem thta so badly affected the mi of last year. First quarter sales are up a fifth, while ings of Fls.0.54 per share co pare with a peak season fig for the final quarter of 197 Fls.0.42 for the first months, with almost nothin the third quarter. Thus th was no rush yesterday to rev 1976 earnings estimates of o Fls.3.000 on Philips-st accounting.

The consumer durab revival in Europe is now cutt out large areas of short working, and although ind trial supplies—which accou for close on two-thirds of year profits setback are lagging this division has cl turned the corner. The Ams dam share price has shown relative weakness ahead of figures but at Fls.31.2 the p/e still looks a single fi ratio.

Weather

London, E., S.E., S.W. and Cent. S. England, E. Anglia, Midlands, S. Wales, Channel Is.

Cloudy, rain in places. Hill fog. Wind S.W., fresh or strong. Max. 15-16C (59-61F).

N. Wales, N.W. England, Lakes, I. of Man, S.W. and N.W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland

Bright intervals, showers. Wind S. or S.W., strong. Max. 13C (55F).

N.E. and Cent. N. England, Borders

Rain, becoming brighter. Wind S. or S.W., fresh or strong. Max. 14C (57F).

Edinburgh, Dundee, Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland

Rain, becoming brighter. Wind S. or S.W., strong or gale. Max. 11C (52F).

Outlook: Rain then bright intervals.

Lighting-up: London 21.13, Manchester 21.31, Glasgow 21.50, Belfast 21.51.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	[illegible]	[illegible]	[illegible]	Madrid	[illegible]	[illegible]	[illegible]
Athens	[illegible]	[illegible]	[illegible]	Manchstr.	[illegible]	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]	[illegible]	Melbourne	[illegible]	[illegible]	[illegible]
Belfast	[illegible]	[illegible]	[illegible]	Milan	[illegible]	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]	[illegible]	Montreal	[illegible]	[illegible]	[illegible]
Berlin	[illegible]	[illegible]	[illegible]	Moscow	[illegible]	[illegible]	[illegible]
Birmghm.	[illegible]	[illegible]	[illegible]	Munich	[illegible]	[illegible]	[illegible]
Bristol	[illegible]	[illegible]	[illegible]	Newcastle	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	New York	[illegible]	[illegible]	[illegible]
Budapest	[illegible]	[illegible]	[illegible]	Oslo	[illegible]	[illegible]	[illegible]
B. Aires	[illegible]	[illegible]	[illegible]	Paris	[illegible]	[illegible]	[illegible]
Cairo	[illegible]	[illegible]	[illegible]	Perth	[illegible]	[illegible]	[illegible]
Cardiff	[illegible]	[illegible]	[illegible]	Prague	[illegible]	[illegible]	[illegible]
Cologne	[illegible]	[illegible]	[illegible]	Reykjavik	[illegible]	[illegible]	[illegible]
Copnhagn.	[illegible]	[illegible]	[illegible]	Rio de J'o	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	Rome	[illegible]	[illegible]	[illegible]
Edinburgh	[illegible]	[illegible]	[illegible]	Singapore	[illegible]	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]	[illegible]	Stockholm	[illegible]	[illegible]	[illegible]
Geneva	[illegible]	[illegible]	[illegible]	Strasbourg	[illegible]	[illegible]	[illegible]
Glasgow	[illegible]	[illegible]	[illegible]	Sydney	[illegible]	[illegible]	[illegible]
Helsinki	[illegible]	[illegible]	[illegible]	Tehran	[illegible]	[illegible]	[illegible]
H. Kong	[illegible]	[illegible]	[illegible]	Tel Aviv	[illegible]	[illegible]	[illegible]
Jo'burg	[illegible]	[illegible]	[illegible]	Tokyo	[illegible]	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]	[illegible]	Toronto	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	Vienna	[illegible]	[illegible]	[illegible]
Luxembrg.	[illegible]	[illegible]	[illegible]	Warsaw	[illegible]	[illegible]	[illegible]

HOLIDAY RESORTS

Ajaccio	[illegible]	[illegible]	[illegible]	Las Plms.	[illegible]	[illegible]	[illegible]
Algiers	[illegible]	[illegible]	[illegible]	Locarno	[illegible]	[illegible]	[illegible]
Biarritz	[illegible]	[illegible]	[illegible]	Majorca	[illegible]	[illegible]	[illegible]
Blackpool	[illegible]	[illegible]	[illegible]	Malaga	[illegible]	[illegible]	[illegible]
Bordeaux	[illegible]	[illegible]	[illegible]	Malta	[illegible]	[illegible]	[illegible]
Boulogne	[illegible]	[illegible]	[illegible]	Nairobi	[illegible]	[illegible]	[illegible]
Casablnca.	[illegible]	[illegible]	[illegible]	Naples	[illegible]	[illegible]	[illegible]
Cape Tn.	[illegible]	[illegible]	[illegible]	Nassau	[illegible]	[illegible]	[illegible]
Corfu	[illegible]	[illegible]	[illegible]	Nice	[illegible]	[illegible]	[illegible]
Dubrovnik	[illegible]	[illegible]	[illegible]	Nicosia	[illegible]	[illegible]	[illegible]
Faro	[illegible]	[illegible]	[illegible]	Oporto	[illegible]	[illegible]	[illegible]
Funchal	[illegible]	[illegible]	[illegible]	Rhodes	[illegible]	[illegible]	[illegible]
Gibraltar	[illegible]	[illegible]	[illegible]	Salzburg	[illegible]	[illegible]	[illegible]
Guernsey	[illegible]	[illegible]	[illegible]	Tangier	[illegible]	[illegible]	[illegible]
Inverness	[illegible]	[illegible]	[illegible]	Tenerife	[illegible]	[illegible]	[illegible]
Is. of Man	[illegible]	[illegible]	[illegible]	Tunis	[illegible]	[illegible]	[illegible]
Istanbul	[illegible]	[illegible]	[illegible]	Valencia	[illegible]	[illegible]	[illegible]
Jersey	[illegible]	[illegible]	[illegible]	Venice	[illegible]	[illegible]	[illegible]

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sh—Showers. Sn—Snow. T—Thunderstorm. Hz—Haze.

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